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 JUNE 30, 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 PROMULGATED UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds (as defined below) will be excludable from gross income for federal income tax purposes under existing 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.

$17,970,000*
CITY OF MCLENDON-CHISHOLM, TEXAS
(a municipal corporation of the State of Texas located in Rockwall County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

Dated Date: August 1, 2026
Interest to Accrue from Delivery Date (as defined below) **Due: September 15, as shown on the inside cover**

The City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects) (the "Bonds"), are being issued by the City of McLendon-Chisholm, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of $25,000 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 Wilmington Trust, National Association, as trustee (the "Trustee"), or its authorized successor, to Cede & Co. as the registered owner thereof. See "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on July 14, 2026, and an Indenture of Trust, dated as of August 1, 2026 (the "Indenture"), expected to be entered into by and between the City and the Trustee. *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.*

Proceeds of the Bonds will be used to provide funds for (1) paying a portion of the Zone A Improvement Area #1 Project Costs, (2) paying a portion of the Zone B Improvement Area #1 Project Costs, (3) funding the initial deposit to the Administrative Fund for the payment of Annual Collection Costs, and (4) paying Bond Issuance Costs. See "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS" and "APPENDIX B — Form of Indenture."

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from a first lien on, security interest in and pledge of the Trust Estate, consisting primarily of the Assessments levied against assessed parcels in Improvement Area #1 (as defined herein) of the Sonoma Verde North Public Improvement District (the "District"), in accordance with the Service and Assessment Plan, and other assets comprising the Trust Estate, 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 or out of any other funds or assets of the City other than the Trust Estate. See "SECURITY FOR THE BONDS." The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption "DESCRIPTION OF THE BONDS — Redemption Provisions."

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OR 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 FUNDS OR 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 The Halla Law Firm, PLLC, for the Underwriter by its counsel, Norton Rose Fulbright US LLP, and for the Developer by its counsel, Coats Rose P.C. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about August 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)]

$17,970,000*
CITY OF MCLENDON-CHISHOLM, TEXAS
(a municipal corporation of the State of Texas located in Rockwall County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

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

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

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to redemption, in whole or in part, before their scheduled maturity, at the option of the City, on any date on or after September 15, 20__, such redemption date or dates to be fixed by the City, at the redemption price of the principal amount thereof, plus accrued interest to the date of redemption, as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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

* *Preliminary; subject to change.*

CITY OF MCLENDON-CHISHOLM, TEXAS

CITY COUNCIL

Name	Place	Term Expires (May)
Jerry Brewer	Mayor	2029
Donald Goodwin	Place 1	2027
Dennis London	Place 2	2029
Arik Towry	Place 3	2027
Michael Hermansen	Place 4	2029
John Powers	Place 5, Mayor Pro Tem	2027
Rich Dean	Place 6	2028

CITY MANAGER	**FINANCE DIRECTOR**	**CITY SECRETARY**
Fabrice Kabona	Vacant	Angela Jennings

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

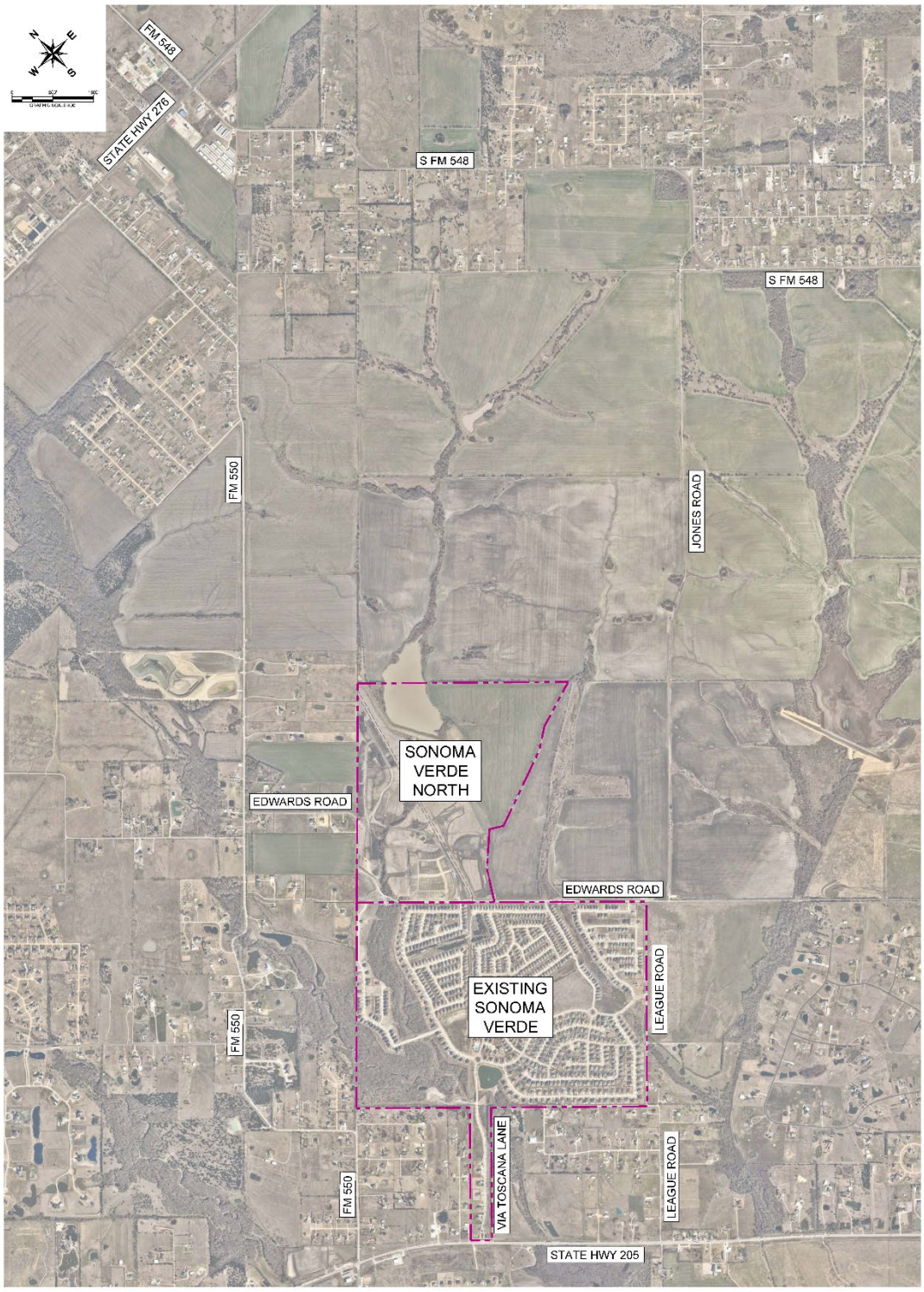
BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.

For additional information regarding the City, please contact:

Mr. Fabrice Kabona
City Manager
City of McLendon-Chisholm
1371 West FM 550
McLendon-Chisholm, TX 75032
Phone: (936) 755-0371
citymanager@mclendon-chisholm.com

Jason Hughes
Senior Managing Director
Hilltop Securities Inc.
717 N. Harwood, Suite 3400
Dallas, Texas 75201
(214) 953-8707
Jason.Hughes@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT



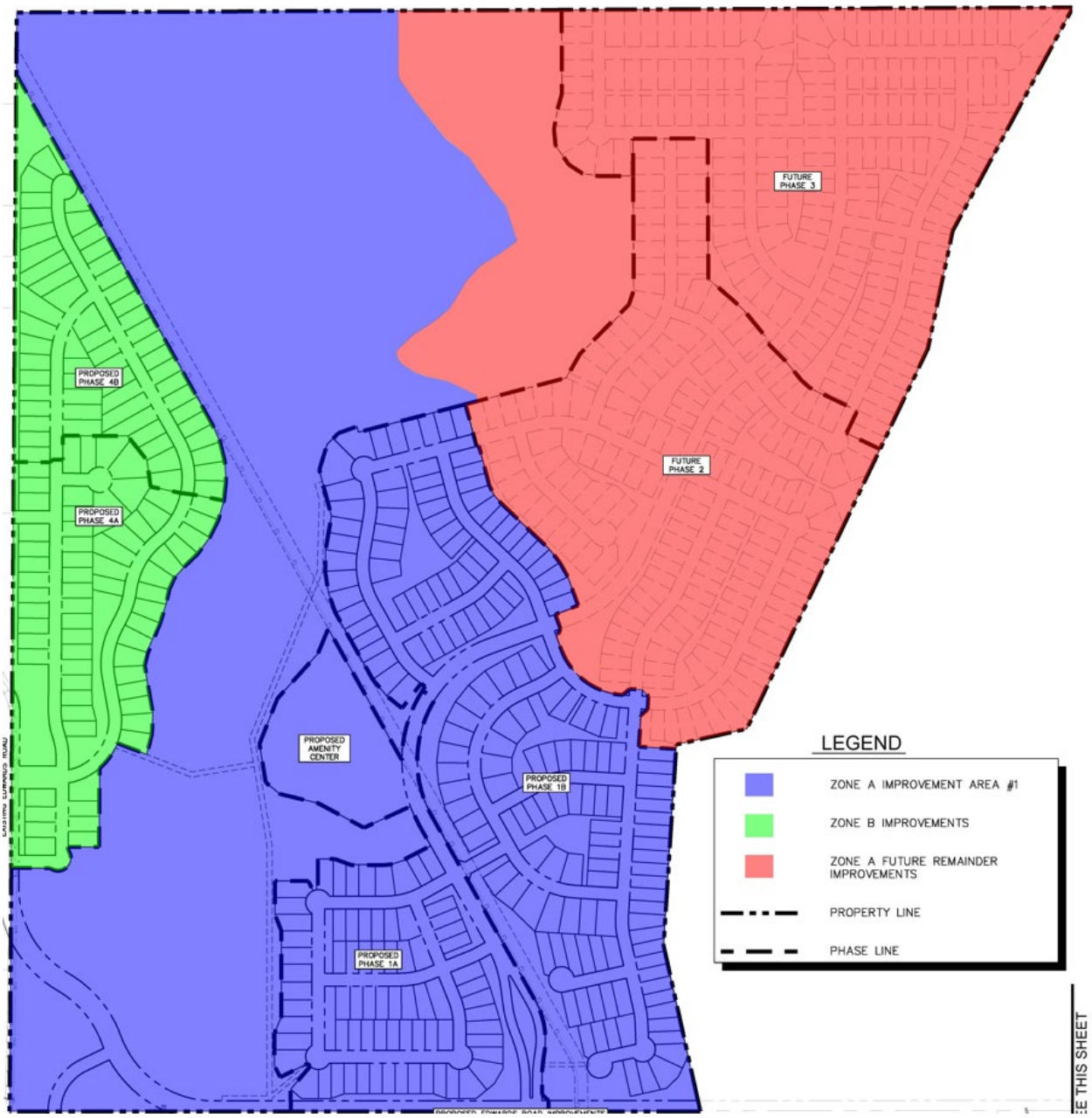
PID - Regional Map

Sonoma Verde North

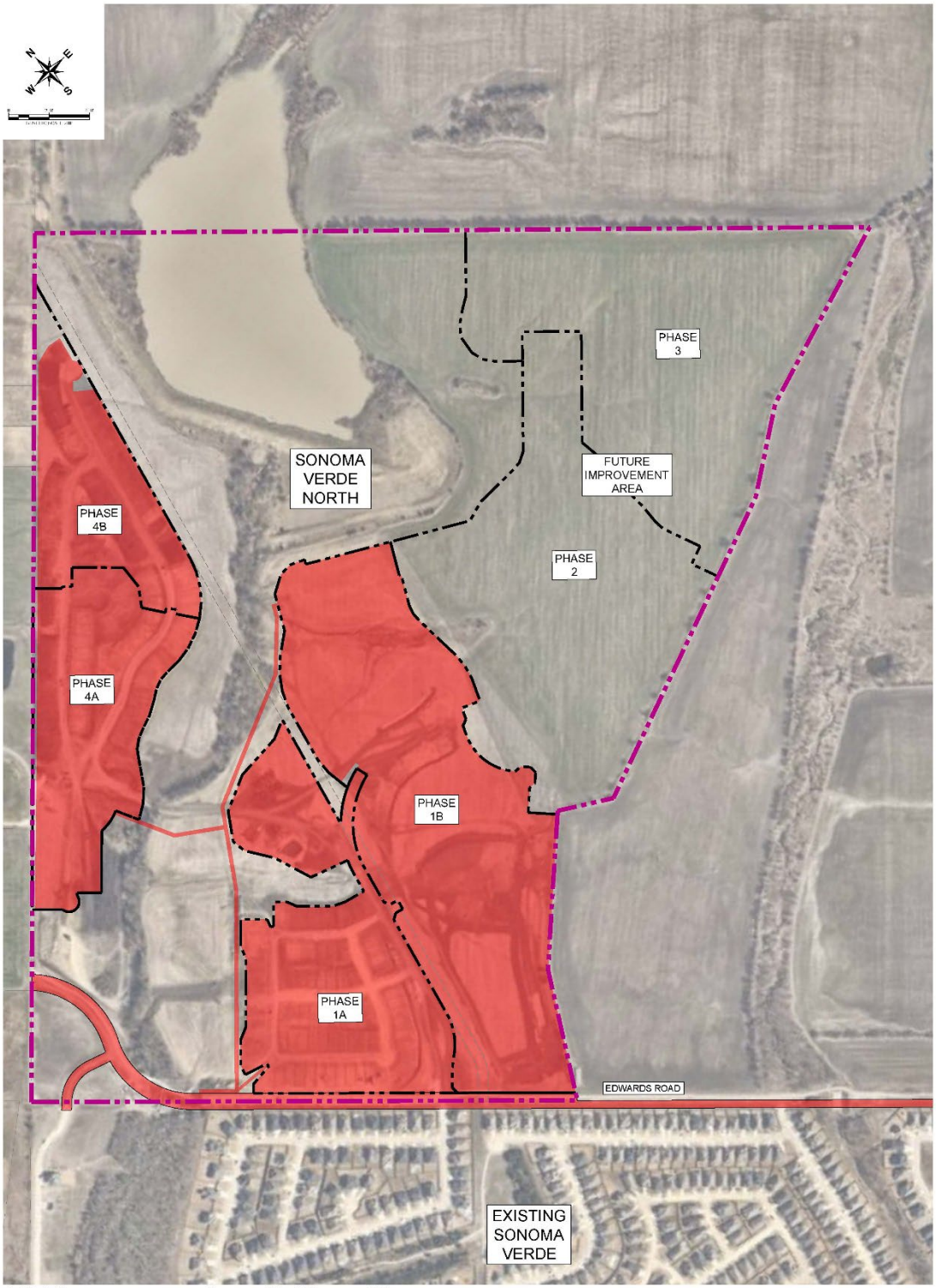
McLendon-Chisholm, Texas

February 2026

MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT



MAP SHOWING SINGLE-FAMILY PHASES WITHIN THE DISTRICT



PID Improvement Area #1 Phase Map
Phase Map
Sonoma Verde North
McLendon-Chisholm, Texas
February 2026

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

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

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

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

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

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

UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY NEITHER PLANS TO ISSUE ANY UPDATES OR REVISIONS NOR PLANS TO REQUEST THAT THE DEVELOPER PROVIDE 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 — 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
- Development and Financing Plan 2
- The Bonds 5

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS 5

DESCRIPTION OF THE BONDS 6
- General Description 6
- Redemption Provisions 6

BOOK-ENTRY-ONLY SYSTEM 8

SECURITY FOR THE BONDS 10
- General 10
- Pledged Revenues 11
- Collection and Deposit of Assessments 12
- Unconditional Levy of Assessments 12
- Perfected Security Interest 13
- Pledged Revenue Fund 13
- Bond Fund 14
- Project Fund 15
- Redemption Fund 16
- Reserve Fund 16
- Administrative Fund 18
- Bonds Deemed Paid 18
- Events of Default 19
- Remedies in Event of Default 20
- Restriction on Owner's Actions 20
- Application of Revenues and Other Moneys after Event of Default 21
- Investment or Deposit of Funds 21
- Against Encumbrances 22
- Other Obligations or Other Liens; Refunding Bonds 22

SOURCES AND USES OF FUNDS 23

DEBT SERVICE REQUIREMENTS 24

OVERLAPPING TAXES AND DEBT 25
- Overlapping Taxes and Debt 25
- Homeowners' Association and Homeowners' Association Dues 26

ASSESSMENT PROCEDURES 27
- General 27
- Assessment Methodology 27
- Collection and Enforcement of Assessment Amounts 28
- Assessment Amounts 29
- Prepayment of Assessments 30
- Reduction of Assessments 31
- Priority of Lien 31
- Foreclosure Proceedings 31

THE CITY 32
- Background 32
- City Government 32

THE DISTRICT 32
- General 32
- Powers and Authority of the City 33

THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS 33
- General 33
- Improvement Area #1 Authorized Improvements 33
- Improvement Area #1 Authorized Improvements Costs 36
- Ownership and Maintenance of the Improvement Area #1 Projects 36

THE DEVELOPMENT 37
- Overview 37
- Development Plan 37
- Development Agreement 40
- Infrastructure Escrow Agreement and Non-Standard Agreement 41
- Landbank Transaction 42
- Amenities 45
- Photographs of the Development 47
- Zoning/Permitting 48
- Education 49
- Environmental 49
- Mineral Rights 49
- Utilities 50

THE DEVELOPER AND LANDOWNER 50
- General 50
- Description of the Developer 50
- Description of the Landowner 51
- History and Financing of the District 51

ADMINISTRATOR 52

APPRAISAL 52
- The Appraisal 52

BONDHOLDERS' RISKS 53
- Deemed Representations and Acknowledgment by Investors 53
- General Factors Relating to Payment of the Bonds 54
- Assessment Limitations 54
- State Law Requiring Notice of Assessment; Failure of Developer and Landowner to Deliver Required Notice Pursuant to Texas Property Code 55

Potential Future Changes in State Law Regarding Public Improvement Districts 55
General Risks of Real Estate Investment and Development 56
Risks Related to the Current Residential Real Estate Market 56
Risks Related to Increase in Costs of Building Materials and Labor Shortages 57
Completion of Homes 57
Absorption Rate 57
Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption 57
Competition 57
Lien Foreclosure and Bankruptcy 58
Direct and Overlapping Indebtedness, Assessments and Taxes 58
Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account 58
Hazardous Substances 58
Regulation 59
Availability of Utilities 59
Flood Plain and Risk from Weather Events 59
Exercise of Mineral Rights 60
Bondholders' Remedies and Bankruptcy of Property Owners 60
Judicial Foreclosures 61
No Acceleration 62
Limited Secondary Market for the Bonds 62
No Credit Rating 62
Chapter 9 Bankruptcy Limitation to Bondholders' Rights 62
Tax-Exempt Status of the Bonds 62
Management and Ownership 63
Dependence Upon Landowner and Developer 63
Use of Appraisal 63
2026 Iran War 64

TAX MATTERS 64
Opinion 64
Federal Income Tax Accounting Treatment of Original Issue Discount 65
Collateral Federal Income Tax Consequences 65
State, Local and Foreign Taxes 66
Information Reporting and Backup Withholding 66
Future and Proposed Legislation 66

LEGAL MATTERS 66
Legal Proceedings 66
Legal Opinions 67
Litigation — The City 67
Litigation — The Developer 67

SUITABILITY FOR INVESTMENT 68

ENFORCEABILITY OF REMEDIES 68

NO RATING 68

CONTINUING DISCLOSURE 68
The City 68
The City's Compliance with Prior Undertakings 68
The Developer 69
The Developer's Compliance with Prior Undertakings 69

UNDERWRITING 69

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE 69

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 69

INVESTMENTS 70

INFORMATION RELATING TO THE TRUSTEE 72

SOURCES OF INFORMATION 73
General 73
Developer 73
Experts 73
Updating of Limited Offering Memorandum 73

FORWARD-LOOKING STATEMENTS 74

AUTHORIZATION AND APPROVAL 75

APPENDIX A	General Information Regarding the Surrounding Area
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	Form of CFA Agreement
APPENDIX G	Appraisal

PRELIMINARY LIMITED OFFERING MEMORANDUM

**$17,970,000*
CITY OF MCLENDON-CHISHOLM, TEXAS
(a municipal corporation of the State of Texas located in Rockwall County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and the appendices hereto, is to provide certain information in connection with the issuance and sale by the City of McLendon-Chisholm, Texas (the "City"), of its $17,970,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 And Zone B Improvement Area #1 Projects) (the "Bonds").

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on July 14, 2026 authorizing the issuance of the Bonds (the "Bond Ordinance"), and an Indenture of Trust, dated as of August 1, 2026 (the "Indenture"), expected to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the "Trustee"). All capitalized terms used in this Limited Offering Memorandum, except as otherwise noted in "ASSESSMENT PROCEDURES," that are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B — Form of Indenture."

The Bonds will be secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Assessments expected to be levied against assessed property located within Improvement Area #1 (as defined herein) of the District (the "Assessed Property") pursuant to an ordinance expected to be adopted by the City Council on July 14, 2026 (the "Assessment Ordinance"), all to the extent and upon the conditions described in the Indenture. Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES."

Set forth herein are brief descriptions of the City, the District, the Developer, the Master Infrastructure Developer, the Landowner, the Administrator, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, Infrastructure Escrow Agreement, the Non-Standard Agreement, the Landbank Documents, the Development Agreement, and the CFA Agreement (as each such term is 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

* *Preliminary; subject to change.*

Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The form of Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears in APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Development and Financing Plan

Overview. The District consists of approximately 314.7 acres making up a portion of the master-planned residential community known as "Sonoma Verde" (the "Sonoma Verde Development"). The Sonoma Verde Development also includes property within the Sonoma Verde Public Improvement District (the "Sonoma Verde PID"), which consists of approximately 1,095 single-family lots, and the future Sonoma Verde East development ("Future Sonoma Verde East PID"), which is expected to consist of approximately 365 single-family lots. Currently, the majority of the land within the District is in the extraterritorial jurisdiction of the City (the "ETJ") and a small portion of the land within Zone A Improvement Area #1 (as defined below) is within the City limits. The Developer expects that the land within the ETJ will be annexed into the City limits concurrent with the levy of assessments on each phase within the District. The City expects to annex the land in Improvement Area #1 into the City limits on July 14, 2026.

In June 2025, Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), acquired approximately 212.013 acres within the District from TDI SV North, LLC, a Texas limited liability company (the "Master Infrastructure Developer"). Pursuant to the Purchase and Sale Agreement (the "Landbank Purchase Agreement") between the Developer and DRP TX 6, LLC, a Delaware limited liability company (the "Landowner"), in October 2025, the Landowner purchased from the Developer approximately 164.377 acres of the 212.013 acres originally purchased by the Developer (the "Landowner Property"), the majority of which is located within Zone A Improvement Area #1 (as defined herein). On May 27, 2026, the Landowner conveyed approximately 1.461 acres within Zone B Improvement Area #1 (as defined herein) back to the Developer. The Landowner is a land banking entity and is not affiliated with the Developer or the Master Infrastructure Developer. Sloan 108 Land Investments, LLC, a Texas limited liability company ("Sloan"), owns the remaining approximately 102.713 acres of land within the District, comprising the majority of the Zone A Remainder Area (as defined herein and, together with Zone A Improvement Area #1, "Zone A"). The Developer is under contract to purchase such remaining land from Sloan, which purchase (either directly by Developer or by Landowner under the Landbank Purchase Agreement) is expected to occur by June 2027. If the Developer directly purchases such remaining land, then following such purchase, the Developer expects that the Landowner will purchase such land from the Developer in accordance with the terms of the Landbank Documents. See "THE DEVELOPMENT" and "THE DEVELOPER AND LANDOWNER."

The District is currently divided into three areas: (i) "Zone A Improvement Area #1," consisting of approximately 173.723 acres to be developed as Phase 1A and Phase 1B, (ii) "Zone A Remainder Area," consisting of approximately 105.94 acres to be developed as Phase 2 and Phase 3, and (iii) "Zone B Improvement Area #1," consisting of approximately 35.064 acres to be developed as Phase 4A and Phase 4B. See "MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT and "MAP SHOWING SINGLE-FAMILY PHASES WITHIN THE DISTRICT" on pages iii and iv hereof. The Developer expects that the District will include approximately 690 single-family lots, consisting of approximately 167 50' lots and 68 65' lots in Zone A Improvement Area #1, approximately 121 60' lots in Zone B Improvement Area #1, and approximately 207 50' lots and 127 65' lots in the Zone A Remainder Area. See "THE DEVELOPMENT — Development Plan."

Development Plan. Development of the District began with the following improvements, which are more fully described under "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS" and are referred to as shown below:

Improvements	Referred to herein as:
Streets, sewer, and storm drainage improvements benefiting the entire District, right-of-way acquisition, and soft costs relating thereto	Major Improvements
Streets and sewer improvements benefitting Zone A and related right-of-way acquisition	Zone A Improvements

Streets, sewer, and storm drainage improvements benefiting only Zone A Improvement Area #1, right-of-way acquisition, and soft costs relating thereto	Zone A Improvement Area #1 Improvements
Streets, sewer, and storm drainage improvements benefiting only Zone B Improvement Area #1, right-of-way acquisition, and soft costs relating thereto	Zone B Improvement Area #1 Improvements

In addition to the above, the following terms have the following meanings herein:

Term	Meaning
Zone A Improvement Area #1 Projects	Collectively, the (1) pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1; (2) pro rata portion of the Zone A Improvements allocable to Zone A Improvement Area #1; and (3) Zone A Improvement Area #1 Improvements.
Zone B Improvement Area #1 Projects	Collectively, the (1) pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1; and (2) Zone B Improvement Area #1 Improvements.
Improvement Area #1 Projects	Collectively, the (1) Zone A Improvement Area #1 Projects; and (2) Zone B Improvement Area #1 Projects

The Developer expects that the Zone A Improvement Area #1 Projects will be complete by the Q2 2027 and the Zone B Improvement Area #1 Projects will be complete by Q2 2027.

Pursuant to (i) the Development Agreement Sonoma Verde North between the City and TDI GP, LLC, a Texas limited liability company and an affiliate of the Master Infrastructure Developer ("TDI GP"), as partially assigned to the Master Infrastructure Developer with respect to the property in Improvement Area #1, partially assigned to Sloan with respect to the Zone A Remainder Area, and as further partially assigned from the Master Infrastructure Developer to the Developer with respect to Improvement Area #1 (the "Development Agreement"), and (ii) the Infrastructure Escrow Agreement, the Master Infrastructure Developer is responsible for constructing (a) the Major Improvements and (b) the Water Improvements (as defined herein) (together, the "Master Infrastructure") necessary to allow Blackland Water Supply Corporation ("Blackland") to supply retail water service to the District in accordance with the Non-Standard Agreement. Pursuant to the Infrastructure Escrow Agreement and the Landbank Documents, the Landowner, on behalf of the Developer, deposited $11,000,000 in escrow to be used by the Master Infrastructure Developer to pay for the costs expended by it on the Master Infrastructure. See "THE DEVELOPMENT — Development Plan," "— Development Agreement" and "— Infrastructure Escrow Agreement and Non-Standard Agreement."

The Developer is responsible for constructing and financing the remaining Improvement Area #1 Projects. The Developer has also constructed or plans to construct (i) the onsite water improvements necessary to serve the lots within Improvement Area #1 in the approximate amount of $1,848,595, (ii) landscaping and hardscaping for Improvement Area #1 in the approximate amount of $3,045,875, (iii) three amenity sites in the Del Webb Community (as defined herein), including an amenity center in Phase 1A for use by residents in the Del Webb Community in the approximate amount of $13,500,000 (the "Amenity Center"), and (iv) trails throughout the District, in accordance with the Development Agreement. See "THE DEVELOPMENT — Development Plan" and "— Amenities."

In accordance with the Construction Agreement (as defined herein), the Landowner will reimburse the Developer for a portion of the costs to complete construction of Zone A Improvement Area #1, including, but not limited to, the construction of the Improvement Area #1 Projects (excluding the Major Improvements), the onsite water improvements necessary to supply retail water service to the lots within the District (the "Onsite Water Improvements"), certain landscaping and hardscaping, and the Amenity Center, up to a maximum amount of $22,924,216.34 (not including amounts expected to be reimbursed with proceeds of the Bonds). See "THE DEVELOPMENT — Landbank Transaction – Construction Agreement and Collateral Assignment."

Home Construction. The Developer expects that it will construct all of the single-family homes within the District. The Developer plans to develop Zone A Improvement Area #1 and the Zone A Remainder Area (if the Developer or the Landowner, as land banker for Developer, acquires the Zone A Remainder Area) as an age-restricted active-adult community under the Developer's "Del Webb" brand (the "Del Webb Community"). The Developer plans to develop Zone B Improvement Area #1 as non-age restricted homes under the Developer's "Pulte" brand. Zone A Improvement Area #1 and Zone B Improvement Area #1 are hereinafter referred to as "Improvement Area #1." The

Developer owns all of the land within Zone B Improvement Area #1. The Developer currently owns approximately 14.033 acres within Zone A Improvement Area #1, which is not Assessed Property, and the Landowner owns the remaining approximately 159.69 acres within Zone A Improvement Area #1. The Developer expects to purchase finished lots within Zone A Improvement Area #1 from the Landowner pursuant to the Option Agreement (as defined herein), under which the Developer holds an exclusive right and option to acquire such finished lots within Zone A Improvement Area #1. Pursuant to the Option Agreement, the Developer paid an initial option payment in the amount of $5,077,923.77 to the Landowner. See "THE DEVELOPMENT — Development Plan – Residential Lot Development" and "— Landbank Transaction."

Financing Plan. The Improvement Area #1 Projects are expected to cost approximately $24,237,382*. Pursuant to the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Agreement between the City and the Developer, dated July 14, 2026 (the "CFA Agreement"), the City will reimburse the Developer for a portion of the Actual Costs, paid or incurred by or on behalf of the Developer (including by the Master Infrastructure Developer), of the Improvement Area #1 Projects, in the approximate amount of $13,689,000* through the issuance of the Bonds. The balance of the costs of the Improvement Area #1 Projects, in the approximate amount of $10,548,382*, were or will be funded by or on behalf of the Developer and the Master Infrastructure Developer without reimbursement by the City. The Master Infrastructure Developer has no rights to receive amounts from the City under the CFA Agreement; provided, however, in accordance with the Real Estate Sale Contract between the Master Infrastructure Developer and the Developer for the purchase of the property within Improvement Area #1 (the "Improvement Area #1 Purchase Contract"), the Developer has agreed to pay the Master Infrastructure Developer $2,500,000 from the amounts received by the City under the CFA Agreement. The Developer is also required to pay the Landowner approximately $8,197,439 from the proceeds of the Bonds to reimburse the Landowner for a portion of the costs of the Improvement Area #1 Projects financed by the Landowner in accordance with the terms of the Landbank Documents. As of June 1, 2026, the Developer and the Master Infrastructure Developer have spent (i) $4,044,110 on constructing the Major Improvements (which does not include any costs allocable to land outside of the District), (ii) $116,910 on constructing the Zone A Improvements, (iii) $5,068,666 on constructing the Zone A Improvement Area #1 Improvements and (iv) $331,866 on constructing the Zone B Improvement Area #1 Improvements, as applicable. See "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT — Development Plan" and "— Development Agreement," "THE DEVELOPER AND LANDOWNER — History and Financing of the District," "APPENDIX C — Form of Service and Assessment Plan" and "APPENDIX F— Form of CFA Agreement."

Pursuant to the Developer Funding Agreement Sonoma Verde North Public Improvement District (the "Funding Agreement"), the Developer is required to pay a fee to the City (the "City PID Fee") in an amount equal to 3% of each disbursement of funds (each, a "Project Fund Disbursement") from the Zone A Improvement Area #1 Bond Improvement Account, Zone B Improvement Area #1 Bond Improvement Account and any future improvement account related to Future Improvement Area Bonds (as defined below) (together, the "Improvement Accounts") within ten business days of the Developer's receipt of each Project Fund Disbursement. The Developer anticipates that the total City PID Fee, with respect to the Bonds, will be approximately $408,689. The Developer may not use the proceeds of the Bonds as the source of funds for the City PID Fee. See "THE DEVELOPMENT — Development Agreement."

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 (i) the Zone A Improvements allocable to the Zone A Remainder Area, (ii) the Major Improvements allocable to the Zone A Remainder Area, and (iii) future improvements benefitting only the Zone A Remainder Area (together, the "Zone A Remainder Area Projects"). The estimated costs of the Zone A Remainder Area Projects will be determined as development progresses, and the Service and Assessment Plan will be updated accordingly to include a description and the costs of such public improvements. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Zone A Remainder Area benefitted thereby.

* *Preliminary; subject to change.*

The Bonds

Proceeds of the Bonds will be used for the purpose of (1) paying a portion of the Zone A Improvement Area #1 Project Costs, (2) paying a portion of the Zone B Improvement Area #1 Project Costs, (3) funding the initial deposit to the Administrative Fund for the payment of Annual Collection Costs (as defined herein), and (4) paying Bond Issuance Costs (as defined herein). See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS" and "APPENDIX B — Form of Indenture."

Payment of the Bonds is secured by a pledge of and a first lien upon the Trust Estate, consisting primarily of the Assessments, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES."

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 the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, and "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. 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 Projects, 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.

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter (the "Delivery Date") and will be computed 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 (each, an "Interest Payment Date"), until maturity or prior redemption. Wilmington Trust, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds. The record date for the interest payable on the Bonds on any Interest Payment Date means the close of business on the last Business Day of the preceding month.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of $25,000 of principal amount and any integral 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 $25,000, and any attempt to do so will be void and of no effect. Notwithstanding the foregoing, (A) if necessary to effectuate or as a result of the partial redemption of any Bond, a Bond in the principal amount equal to the unredeemed portion, but not less than $1,000 may be authorized, or (B) the Bonds or any portion thereof is defeased, the Bonds or portion thereof defeased may be authorized in denominations of $1,000 or any integral multiple thereof. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY-ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem 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. In the event of a Prepayment, or if any other transfers are made into the Redemption Fund under the terms of the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates or optional redemption date specified in the Indenture, in whole or in part, on any date, from amounts on deposit in the Redemption Fund, at the Redemption Price. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 15 in the years 20__ and 20__ (collectively, the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account pursuant to 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**
	$
†	

† Stated Maturity

$ Term Bonds Maturing September 15, 20

Redemption Date	**Sinking Fund Installment Amount**
	$
†	

† Stated Maturity

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

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

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

Notice of Redemption. Upon receipt of a City Order of redemption provided by the City to the Trustee not less than thirty-five (35) days prior to the date fixed for redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Outstanding Bonds are to be redeemed, and subject to the Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bonds shall become due and payable.

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 principal amount plus accrued unpaid interest on 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.

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 and deposited with the Trustee by 10:00 a.m. Central Standard Time on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon receipt of a City Order of such rescission from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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.

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

If less than all of the Bonds are called for optional redemption, the Trustee shall rely on directions provided in a City Order 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.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the 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 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts

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

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

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

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

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

SECURITY FOR THE BONDS

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

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM AND SECURED BY 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 POWERS OF THE CITY AND ARE NOT PAYABLE EXCEPT AS PROVIDED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF FUNDS OR ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OR 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 revenue from the Assessments to be levied pursuant to the Assessment Ordinance against the Assessed Property located within Improvement Areas #1, and other funds

comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of the Service and Assessment Plan, which describes the special benefit received by the Assessed Property, provides the basis and justification for the determination of special benefit on the Assessed Property, establishes the methodology for the levy of the Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated at least annually (each, an "Annual Service Plan Update") for the purpose of determining the annual budget for Authorized Improvements, including the Zone A Improvement Area #1 Authorized Improvements and the Zone B Improvement Area #1 Authorized Improvements, and the Annual Installments (as defined below) of the Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of applicable law to finance the Improvement Area #1 Authorized Improvements (as defined herein) by levying Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of Assessments anticipated to be levied in Improvement Area #1, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

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

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

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

"Annual Installment" means, collectively, the Zone A Improvement Area #1 Annual Installment and the Zone B Improvement Area #1 Annual Installment.

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

"Assessments" means, collectively, the Zone A Improvement Area #1 Assessment and the Zone B Improvement Area #1 Assessment.

"Delinquency and Prepayment Reserve Requirement" means an amount equal to [5.5%] 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.

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

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

"Zone A Improvement Area #1 Annual Installment" means, with respect to each Zone A Improvement Area #1 Assessed Property, each annual payment of: (i) the principal amount of the Zone A Improvement Area #1 Assessment, (ii) the interest associated with the Zone A Improvement Area #1 Assessment, each as shown on the Zone A 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, (iii) Annual Collection Costs related to Zone A Improvement Area #1 and (iv) Zone A Improvement Area #1's portion of the Additional Interest.

"Zone A Improvement Area #1 Assessment" means an assessment levied against Zone A Improvement Area #1 Assessed Property to pay the Actual Costs of the Zone A Improvement Area #1 Authorized Improvements.

"Zone B Improvement Area #1 Annual Installment" means, with respect to each Zone B Improvement Area #1 Assessed Property, each annual payment of: (i) the principal amount of the Zone B Improvement Area #1 Assessment, (ii) the interest associated with the Zone B Improvement Area #1 Assessment, each as shown on the Zone B Improvement Area #1 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (iii) Annual Collection Costs related to Zone B Improvement Area #1 and (iv) Zone B Improvement Area #1's portion of the Additional Interest.

"Zone B Improvement Area #1 Assessment" means an assessment levied against Zone B Improvement Area #1 Assessed Property to pay the Actual Costs of the Zone B Improvement Area #1 Authorized Improvements.

See "SECURITY FOR THE BONDS — Pledged Revenue Fund" and "APPENDIX C — Form of Service and Assessment Plan."

Collection and Deposit of Assessments

The Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Zone A Improvement Area #1 Assessment Roll or Zone B Improvement Area #1 Assessment Roll (both as defined herein), as applicable. The Assessments (excluding the portion of the Annual Installments of the Assessments collected for Annual Collection Costs and Delinquent Collection Costs), together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See "SECURITY FOR THE BONDS — Pledged Revenue Fund."

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

The portions of the Annual Installments collected to pay Annual Collection Costs and Delinquent Collection Costs will be deposited in the Administrative Fund and shall not constitute Pledged Revenues and will not be part of the Trust Estate.

Unconditional Levy of Assessments

The City will impose Assessments on the Assessed Property sufficient to pay the principal of and interest on the Bonds scheduled for payment from the Trust Estate as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments will be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest Rate calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually as part of an Annual Service Plan Update and shall be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect, each year while the Bonds are Outstanding and unpaid, an amount to pay the annual costs incurred by the City in the administration and operation of the District (the "Annual Collection Costs"). The portion of each Annual Installment of an Assessment used to pay Annual Collection Costs shall remain in effect each year until all Bonds are finally paid or until the City

adjusts the amount 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 when billed, expected to be on or about October 1 of each year, and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs are not part of the Trust Estate and will not secure repayment of the Bonds.**

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

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

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

Perfected Security Interest

The lien on, security interest in and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the 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 Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective and perfected. If 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 the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the lien on and 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.

Pledged Revenue Fund

Upon receipt thereof, and no later than February 15 of each year, beginning February 15, 2027, the City shall transfer, or cause to be transferred, to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with the Indenture. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee, the following amounts from the Pledged Revenue Fund to the following Accounts: (i) first, to the Bond Pledged Revenue Account, an amount sufficient to pay all debt service on the Bonds coming due in the immediately following Bond Year, and (ii) second, if necessary, to the Reserve Account, the amount required 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, and prior to any other transfers or deposits being made under the Indenture, the Additional Interest shall be transferred to the Funds and Accounts as prescribed by the Indenture. 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 Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under the Indenture, the full amount of Rebatable Arbitrage owed by the City, as further described in the Indenture. If any Assessments and Annual Installments 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 Assessments and Annual Installments for

any one or more of the following purposes: (i) pay Zone A Improvement Area #1 Project Costs, (ii) pay Zone B Improvement Area #1 Project Costs, (iii) pay other costs permitted by the PID Act or (iv) 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, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Accounts 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, 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 in the same manner described in "— Application of Revenues and Other Moneys After Default" herein.

Notwithstanding the deposits described above, the Trustee shall deposit, within two Business Days after receipt thereof, Prepayments to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture.

Notwithstanding the deposits described above, the Trustee shall deposit, within two Business Days after receipt thereof, the Foreclosure Proceeds into the Pledged Revenue Fund and after such deposit shall transfer such Foreclosure Proceeds, as directed by the City pursuant to a City Order, first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular 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 Order.

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 Accounts as provided below.

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

Moneys in the Zone A Improvement Area #1 Capitalized Interest Account shall be used for the payment of all interest due on the Bonds with respect to the Zone A Improvement Area #1 Assessment on September 15, 2026, March 15, 2027 and September 15, 2027 and at least five (5) Business Days prior to the Interest Payment Date specified above, the Trustee shall transfer such amounts to the Principal and Interest Account to pay such interest. Any amounts on deposit to the Zone A Improvement Area #1 Capitalized Interest Account after the foregoing payment shall be transferred to the Zone A Improvement Area #1 Bond Improvement Account or, if the Zone A Improvement Area #1 Bond Improvement Account has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture and the Zone A Improvement Area #1 Capitalized Interest Account shall be closed.

Moneys in the Zone B Improvement Area #1 Capitalized Interest Account shall be used for the payment of all interest due on the Bonds with respect to the Zone B Improvement Area #1 Assessment on September 15, 2026,

March 15, 2027 and September 15, 2027 and at least five (5) Business Days prior to the Interest Payment Date specified above, the Trustee shall transfer such amounts to the Principal and Interest Account to pay such interest. Any amounts on deposit to the Zone B Improvement Area #1 Capitalized Interest Account after the foregoing payment shall be transferred to the Zone B Improvement Area #1 Bond Improvement Account or, if the Zone B Improvement Area #1 Bond Improvement Account has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture and the Zone B Improvement Area #1 Capitalized Interest Account shall be closed.

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 first paragraph of this subsection, 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.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture. Except as provided below, money on deposit in (1) the Zone A Improvement Area #1 Bond Improvement Account shall only be used to pay Zone A Improvement Area #1 Project Costs and (2) the Zone B Improvement Area #1 Bond Improvement Account shall only be used to pay Zone B Improvement Area #1 Project Costs.

Disbursements from the Costs of Issuance Account shall be made by the Trustee to pay specified portions of the Bond Issuance Costs pursuant to one or more City Orders. In order to receive disbursement of funds on the Delivery Date from (i) the Costs of Issuance Account, 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, (ii) the Zone A Improvement Area #1 Bond Improvement Account for Zone A Improvement Area #1 Project Costs, the Developer shall execute a Certificate for Payment to be delivered to the City no later than fifteen (15) Business Days prior to the Delivery Date, and (iii) the Zone B Improvement Area #1 Bond Improvement Account for Zone B Improvement Area #1 Project Costs, the Developer shall execute a Certificate 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 and/or Certificate for Payment, together with a City Order directing such disbursement, to the Trustee for disbursement to be made from the Costs of Issuance Account, the Zone A Improvement Area #1 Bond Improvement Account or the Zone B Improvement Area #1 Bond Improvement Account, as applicable.

Disbursements from (1) the Zone A Improvement Area #1 Bond Improvement Account to pay Zone A Improvement Area #1 Project Costs and (2) the Zone B Improvement Area #1 Bond Improvement Account to pay Zone B Improvement Area #1 Project Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment or City Order. Each such City Order and/or Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such City Order and/or Certificate for Payment, and the Trustee may conclusively 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.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Zone A Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Zone A Improvement Area #1 Bond Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Zone A Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone A Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Zone A Improvement Area #1 Bond Improvement Account, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Zone A Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Zone A Improvement Area #1 Bond Improvement Account. In such City Order, the City Representative shall direct the Trustee to transfer such amounts to (i) the Bond Fund and/or (ii) the Redemption Fund, and such City Order shall also specify the amounts to be deposited into each such Fund or Account. Upon such transfers, the Zone A Improvement Area #1 Bond Improvement Account shall be closed.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Zone B Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Zone B

Improvement Area #1 Bond Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Zone B Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone B Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Zone B Improvement Area #1 Bond Improvement Account, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Zone B Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Zone B Improvement Area #1 Bond Improvement Account. In such City Order, the City Representative shall direct the Trustee to transfer such amounts to (i) the Bond Fund and/or (ii) the Redemption Fund, and such City Order shall also specify the amounts to be deposited into each such Fund or Account. Upon such transfers, the Zone B Improvement Area #1 Bond Improvement Account shall be closed.

In the event the City Representative files a City Order with the Trustee stating that all Zone A Improvement Area #1 Projects have been completed and that all Zone A Improvement Area #1 Project Costs have been paid, or that any Zone A Improvement Area #1 Project Costs are not required to be paid from the Zone A Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining in the Zone A Improvement Area #1 Bond Improvement Account to (i) the Bond Fund and/or (ii) the Redemption Fund, as directed by the City Representative in such City Order; provided, however, that the City Representative shall not file a City Order pursuant to the Indenture if the Developer has submitted a Certificate for Payment to the City requesting payment from the Zone A Improvement Area #1 Bond Improvement Account and the City has not yet completed its review of such Certificate for Payment or amounts under a Certificate for Payment are still in dispute. Upon such transfers, the Zone A Improvement Area #1 Bond Improvement Account shall be closed.

In the event the City Representative files a City Order with the Trustee stating that all Zone B Improvement Area #1 Projects have been completed and that all Zone B Improvement Area #1 Project Costs have been paid, or that any Zone B Improvement Area #1 Project Costs are not required to be paid from the Zone B Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining in the Zone B Improvement Area #1 Bond Improvement Account to (i) the Bond Fund and/or (ii) the Redemption Fund, as directed by the City Representative in such City Order; provided, however, that the City Representative shall not file a City Order pursuant to the Indenture if the Developer has submitted a Certificate for Payment to the City requesting payment from the Zone B Improvement Area #1 Bond Improvement Account and the City has not yet completed its review of such Certificate for Payment or amounts under a Certificate for Payment are still in dispute. Upon such transfers, the Zone B Improvement Area #1 Bond Improvement Account shall be closed.

Upon a determination by the City Representative that all Bond Issuance Costs have been paid, and as directed in a City Order filed with the Trustee, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Zone A Improvement Area #1 Bond Improvement Account and used to pay Zone A Improvement Area #1 Project Costs and/or (ii) the Zone B Improvement Area #1 Bond Improvement Account and used to pay Zone B Improvement Area #1 Project Costs or, if no Zone A Improvement Area #1 Project Costs or Zone B Improvement Area #1 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, and the Costs of Issuance Account shall be closed.

Redemption Fund

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, pursuant to a City Order, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds on the dates specified for redemption as provided in the Indenture. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in the Indenture.

Reserve Fund

General Provisions. Pursuant to the Indenture, a Reserve Account and a Delinquency and Prepayment Reserve Account will each be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee.

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 and *second*, from the Reserve Account to the Bond Fund the amounts necessary to cure such deficiency. In such event, notwithstanding anything to the contrary in the Indenture, the Additional Interest shall be used to replenish *first*, the Reserve Account and *second*, the Delinquency and Prepayment Reserve Account.

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.

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

If the amount held in the 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 interest due on all Outstanding Bonds on the next Interest Payment Date or date on which the Bonds may be optionally redeemed by the City at the Redemption Price, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

Reserve Account Provisions. Pursuant to the Indenture, the Reserve Account will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. The "Reserve Account Requirement" for the Bonds will be an amount equal to the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of calculation, (ii) 125% of average Annual Debt Service on the Bonds as of the date of calculation, and (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the proceeds of the Bonds; provided, however, that, at the option of the City, such amount may be recalculated on any Interest Payment Date or any date of redemption, and the City shall provide a City Order to the Trustee with the applicable Reserve Account Requirement. As of the Delivery Date, the Reserve Account Requirement is $_____[*]. See "APPENDIX B – Form of Indenture."

In the event of an extraordinary optional redemption of Bonds resulting from funds being deposited into the Redemption Fund pursuant to any provision of the Indenture, the Trustee, pursuant to a City Order, shall transfer from the Reserve Account to the Redemption Fund the amount specified in such written 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 divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the funds on deposit in the Redemption Fund 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 pursuant to this paragraph, 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 as directed by a City Order, 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, unless within thirty (30) days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under the Rebate Fund provisions, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Zone A Improvement Area #1 Bond Improvement Account to pay Zone A Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three (3) years of the Delivery Date, (iv) to the Zone B Improvement Area #1 Bond Improvement Account to pay Zone B Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three (3) years of the Delivery Date or (v) to the Redemption Fund to be applied to the redemption of Bonds.

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

[*] To be updated and completed upon pricing of the Bonds.

Delinquency and Prepayment Reserve Account Provisions. Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be held by the Trustee for the benefit of the Bonds. On or before February 15, 2027, and on or before February 15 of each year thereafter, the Trustee shall transfer the Additional Interest from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. At the time the Delinquency and Prepayment Reserve Requirement is fully accumulated in the Delinquency and Prepayment Reserve Account, the Trustee shall provide written notice thereof to the City, and thereafter, the Trustee shall begin transferring the Additional Interest to either (i) the Administrative Fund for the payment of Annual Collection Costs or (ii) the Redemption Fund to be used to redeem Bonds pursuant to the provisions of the Indenture with respect to extraordinary optional redemption, as directed by the City pursuant to a City Order. In the event the Trustee does not receive a City Order directing the transfer of the Additional Interest to the Administrative Fund within forty-five (45) days of providing the foregoing notice to the City, the Trustee shall transfer the Additional Interest to the Redemption Fund to redeem Bonds pursuant to the Indenture and provide the City with written notification of such transfer. Notwithstanding the foregoing, if at any time the amount on deposit in the Delinquency and Prepayment Reserve Account falls below 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 therein. In transferring the amounts pursuant to the Indenture, the Trustee may conclusively rely on a City Order (which shall be based on the Annual Installments as shown on the Assessment Rolls (as defined herein) in the Service and Assessment Plan) unless and until it receives a City Order directing that a different amount be used. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds are no longer Outstanding.

Whenever, on any Interest Payment Date, or on any other date as directed by a City Order, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within forty-five (45) days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds and provide the City with written notification of the transfer.

Administrative Fund

Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan, and any other funds directed by the Indenture to be deposited therein.

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 Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs, or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with the Indenture. See "APPENDIX C — Form of Service and Assessment Plan."

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

Bonds Deemed Paid

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 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 the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds and shall not be part of the Trust Estate. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities. At such time as the Bonds shall be deemed to be Defeased Debt, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Trust Estate as provided in the Indenture, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the City will have no further responsibility with respect to amounts available to the Trustee (or other financial institution permitted by applicable law) for the payment of such Defeased Debt, including any insufficiency therein caused by the failure of the Trustee (or other financial institution permitted by law) to receive payment when due on the Defeased Securities.

"Defeasance Securities" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. "Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"); and 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 will 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 to the Pledged Revenue Fund the portion of the Assessment Revenues required to be deposited to such Fund pursuant to the Indenture;

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the

applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; 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.

Remedies in Event of Default

Upon the happening and continuance of any of the Events of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding under the Indenture and its receipt of indemnity satisfactory to it 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 Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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 Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. 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 as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in the Indenture, or of which it is deemed to have notice pursuant to the Indenture, (ii) such default has become an Event of Default and the Owners of not less than a majority 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 hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in 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; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any

right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided 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 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 the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued 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 of Bonds shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys after Event of Default

All moneys, securities, funds, 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, after payment of the cost, liabilities, advances and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

(i) FIRST: To the payment to the 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

(ii) 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 Indenture not later than thirty (30) days after 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.

Investment or Deposit of Funds

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

money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the requirements set forth in the preceding sentences and the Trustee shall not be responsible for determining such requirements. 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, the Trustee is authorized and directed to sell or redeem any such investments to prevent any default under the Indenture. In the absence of written or timely investment instructions from the City, the Trustee shall hold such monies uninvested until the Trustee is otherwise directed pursuant to a City Order.

Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and the earnings or loss become part of the applicable 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 pursuant to a City Order.

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, 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, secured by any pledge of or other lien or charge on the Trust Estate, 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 to issue obligations under other indentures, assessment ordinances, or other agreements which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues. The City shall not have the right to issue any bonds, notes or other obligations secured in whole or in part by liens on the Trust Estate that are senior to the lien on the Trust Estate securing payment of the Bonds.

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be 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 anything herein to the contrary, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds are scheduled to mature or be subject to mandatory sinking fund redemption on September 15 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

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SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:[1]

Sources of Funds:	
Principal Amount	$
Total Sources	**$**
Use of Funds:	
Deposit to Zone A Improvement Area #1 Bond Improvement Account of Project Fund	$
Deposit to Zone B Improvement Area #1 Bond Improvement Account of Project Fund	
Deposit to Cost of Issuance Account of Project Fund	
Deposit to Zone A Improvement Area #1 Capitalized Interest Account of Bond Fund	
Deposit to Zone B Improvement Area #1 Capitalized Interest Account of Bond Fund	
Deposit to Reserve Account of Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount[2]	
Total Uses	$

[1] To be updated and completed upon pricing.
[2] Includes Underwriter's counsel's fee of $_____.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the anticipated debt service requirements for the Bonds:[1]

Year Ending (September 30)	Principal	Interest	Total
2027[2]	$	$	$
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) To be updated and completed upon pricing.

(2) Moneys in the Capitalized Interest Account will be used for the payment of the interest due on the Bonds in 2027.

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

Currently, the majority of the land within the District is in the ETJ of the City and a small portion of the land within Zone A Improvement Area #1 (which is not included in the Zone A Improvement Area #1 Assessed Property) is within the City limits. The City expects to annex the remaining land in Improvement Area #1 into the City limits on July 14, 2026. The land within Improvement Area #1 has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments. The City (upon annexation), Rockwall County, Texas (the "County"), and Rockwall Independent School District ("Rockwall ISD") or Royse City Independent School District ("Royse City ISD"), as applicable, may each levy ad valorem taxes upon land within Improvement Area #1 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes levied by such other taxing authorities. The following tables reflect the overlapping ad valorem tax rates levied on property located in Improvement Area #1 upon annexation.

Overlapping Taxes for Lots in Rockwall ISD

Taxing Entity	Zone A Improvement Area #1 Tax Year 2025 Ad Valorem Tax Rate[1]	Zone B Improvement Area #1 Tax Year 2025 Ad Valorem Tax Rate[1]
City of McLendon-Chisholm	$0.092390	$0.092390
Rockwall ISD[3]	1.066900	1.066900
Rockwall County	0.251000	0.251000
Total Current Tax Rate	**$1.410290**	**$1.410290**
Estimated Average Annual Installment in Improvement Area #1 as an Equivalent Tax Rate	$0.786004[2]	$0.718904[2]
Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 as an Equivalent Tax Rate	**$2.196294[2]**	**$2.129194[2]**

(1) As reported by the Rockwall Central Appraisal District. Per $100 taxable appraised value.
(2) Derived from information presented in the Service and Assessment Plan. Preliminary; subject to change.
(3) Currently, approximately 169 lots within Zone A Improvement Area #1 and approximately 18 lots in Zone B Improvement Area #1 are located in Rockwall ISD. The remaining lots within Improvement Area #1 are located in Royse City ISD, as shown below.

Source: Rockwall Central Appraisal District and the Service and Assessment Plan.

Overlapping Taxes for Lots in Royse City ISD

Taxing Entity	Zone A Improvement Area #1 Tax Year 2025 Ad Valorem Tax Rate[1]	Zone B Improvement Area #1 Tax Year 2025 Ad Valorem Tax Rate[1]
City of McLendon-Chisholm	$0.092390	$0.092390
Royse City ISD	1.255200	1.255200
Rockwall County	0.251000	0.251000
Total Current Tax Rate	**$1.598590**	**$1.598590**
Estimated Average Annual Installment in Improvement Area #1 as an Equivalent Tax Rate	$0.786004[2]	$0.718904[2]
Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 as an Equivalent Tax Rate	**$2.384594[2]**	**$2.317494[2]**

(1) As reported by the Rockwall Central Appraisal District. Per $100 taxable appraised value.
(2) Derived from information presented in the Service and Assessment Plan. Preliminary; subject to change.
(3) Currently, approximately 66 lots within Zone A Improvement Area #1 and approximately 103 lots in Zone B Improvement Area #1 are located in Royse City ISD. The remaining lots within Improvement Area #1 are located in Rockwall ISD, as shown above.

Source: Rockwall Central Appraisal District and the Service and Assessment Plan.

As noted above, Improvement Area #1 includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes. Set forth below are overlapping debt tables showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1, and City debt to be secured by the Assessments.

Overlapping Debt for Lots in Rockwall ISD

Taxing or Assessing Entity	Total Outstanding Debt as of June 1, 2026	Estimated % Applicable[1]	Direct and Estimated Overlapping Debt[1]
The City (Assessments - The Bonds)[2]	$ 17,970,000	100.00%	$17,970,000
The City (Ad Valorem)	885,000	3.77%	33,364
Rockwall County	161,570,000	0.18%	294,222
Rockwall ISD[3]	903,942,666	0.28%	2,533,838
Total	**$1,084,367,666**		**$20,831,423**

(1) Based on $46,069,000 prospective cumulative retail market value at completion of the lots in Improvement Area #1 as calculated in the Appraisal (as defined herein) and on the Tax Year 2025 Taxable Assessed Valuation for the taxing entities as certified by the Rockwall Central Appraisal District.

(2) Preliminary; subject to change.

(3) Currently, approximately 169 lots within Zone A Improvement Area #1 and approximately 18 lots in Zone B Improvement Area #1 are located in Rockwall ISD. The remaining lots within Improvement Area #1 are located in Royse City ISD, as shown below. The numbers shown in this table assume all of the lots within Improvement Area #1 are within Rockwall ISD.

Source: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes), the Rockwall Central Appraisal District, the Appraisal and the Service and Assessment Plan.

Overlapping Debt for Lots in Royse City ISD

Taxing or Assessing Entity	Total Outstanding Debt as of June 1, 2026	Estimated % Applicable[1]	Direct and Estimated Overlapping Debt[1]
The City (Assessments - The Bonds)[2]	$ 17,970,000	100.00%	$17,970,000
The City (Ad Valorem)	885,000	3.77%	33,364
Rockwall County	161,570,000	0.18%	294,222
Royse City ISD[3]	656,929,558	0.96%	6,307,896
Total	**$837,354,558**		**$24,605,481**

(1) Based on $46,069,000 prospective cumulative retail market value at completion of the lots in Improvement Area #1 as calculated in the Appraisal (as defined herein) and on the Tax Year 2025 Taxable Assessed Valuation for the taxing entities as certified by the Rockwall Central Appraisal District.

(2) Preliminary; subject to change.

(3) Currently, approximately 66 lots within Zone A Improvement Area #1 and approximately 103 lots in Zone B Improvement Area #1 are located in Royse City ISD. The remaining lots within Improvement Area #1 are located in Rockwall ISD, as shown above. The numbers shown in this table assume all of the lots within Improvement Area #1 are within Royse City ISD.

Source: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes), the Rockwall Central Appraisal District, the Appraisal and the Service and Assessment Plan.

Homeowners' Association and Homeowners' Association Dues

The land within Zone B Improvement Area #1 was annexed into the Sonoma Verde Homeowners' Association, Inc. (the "Master HOA"), which was initially created in connection with the Sonoma Verde PID. In addition to the taxes and the Assessments described above, the Developer anticipates that each property owner in Zone B Improvement Area #1 of the District will pay regular assessments to the Master HOA in the approximate amount of $249 per quarter. The Developer intends to subject Zone A Improvement Area #1 to the terms of a Declaration of Covenants, Conditions and Restrictions for Del Webb at Sonoma Verde (the "Del Webb HOA Declaration") to be administered by the Del Webb at Sonoma Verde Homeowners' Association, Inc. (the "Del Webb HOA"). The amount of the regular assessments payable by each property owner within the Del Webb HOA has not yet been set; however, pursuant to that Use, Reimbursement, Maintenance and Architectural Control Agreement between the Master HOA and the Del Webb HOA, in consideration of each Del Webb HOA resident having the right to use the amenities and common areas within the Master HOA, the Del Webb HOA shall pay the Master HOA an annual fee equal to 33% of the then current Master HOA regular assessment per lot times the number of lots within the property subject to the Del Webb HOA Declaration. Such payment by the Del Webb HOA to the Master HOA will be funded by the regular assessments payable by property owners within the Del Webb HOA.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of Improvement Area #1 Authorized Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Authorized Improvements and the land within Improvement Area #1 to be subject to Assessments to pay the costs therefor. The City has caused assessment rolls to be prepared (the "Zone A Improvement Area #1 Assessment Roll" and "Zone B Improvement Area #1 Assessment Roll" and, together, the "Assessment Rolls"), which Assessment Rolls show the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each Lot or Parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Rolls were 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 property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Authorized Improvements and funding the same with Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance on July 14, 2026, upon which the Assessments will become legal, valid and binding liens upon the Assessed Property.

Under the PID Act, the costs of the Improvement Area #1 Authorized Improvements may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Authorized Improvements equals or exceeds the Assessments. The costs of the Improvement Area #1 Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within 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 Assessed Property as a result of the Improvement Area #1 Authorized Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Authorized Improvements to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Authorized Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Pledged Revenues, including the Assessments.

As set forth in the Service and Assessment Plan, the City Council has determined that costs of the Major Improvements shall be allocated to Zone A Improvement Area #1 and Zone B Improvement Area #1 and apportioned to the Zone A Remainder Area based on Estimated Buildout Value of each Parcel of Apportioned Property or Assessed Property to the Estimated Buildout Value of the District. Currently, Zone A Improvement Area #1 is allocated 34.57% of the Major Improvements costs, Zone B Improvement Area #1 is allocated 15.00% of the Major Improvements costs, and the Zone A Remainder Area is apportioned 50.43% of the Major Improvements costs. Additionally, the costs of the Zone A Improvements shall be allocated to Zone A Improvement Area #1 and apportioned to the Zone A Remainder Area based upon Estimated Buildout Value of each Parcel of Apportioned Property or Zone A Improvement Area #1 Assessed Property to the Estimated Buildout Value of Zone A. Currently, Zone A Improvement Area #1 is allocated 40.67% of the Zone A Improvements costs and the Zone A Remainder Area is apportioned 59.33% of the Zone A Improvements costs.

The costs of the Zone A Improvement Area #1 Authorized Improvements are allocated to each Parcel within Zone A Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone A Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Zone A Improvement Area #1 Assessed Property. The Zone A Improvement Area #1 Initial Parcel is the only Parcel within Zone A Improvement Area #1, and as such, the Zone A Improvement Area #1 Initial Parcel is allocated 100% of the Zone A Improvement Area #1 Authorized Improvements.

The costs of the Zone B Improvement Area #1 Authorized Improvements are allocated to each Parcel within Zone B Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone B Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Zone B Improvement Area #1 Assessed Property. The Zone B Improvement Area #1 Initial Parcel is the only Parcel within Zone B Improvement Area #1, and as such, the Zone B Improvement Area #1 Initial Parcel is allocated 100% of the Zone B Improvement Area #1 Authorized Improvements.

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

The following table provides additional analysis with respect to the special assessment methodology, including the value to Assessment burden ratio per lot and equivalent tax rate per lot. See "APPENDIX C — Form of Service and Assessment Plan."

Assessed Property Estimated Value to Lien Ratios and Equivalent Tax Rates[(1)]

Lot Type	Number of Lots[(2)]	Average Base Lot Value[(3)]	Estimated Buildout Value Per Lot[(4)]	Maximum Assessment Per Lot[(5)]	Estimated Ratio of Base Lot Value to Assessment	Estimated Ratio of Buildout Value to Assessment	Estimated Average Annual Installment per Lot	Equivalent Tax Rate per $100 Assessed Value
Zone A IA #1								
50'	167	$115,000	$529,610	$51,207.66	2.25 : 1	10.34: 1	$4,163	$0.786004
65'	68	149,500	698,465	67,534.14	2.21 : 1	10.34: 1	5,490	0.786004
Zone B IA #1								
60'	121	138,000	487,532	39,884.30	3.46 : 1	12.22 : 1	3,505	0.718904
Total	**356**							

(1) *Preliminary; subject to change.* Derived from information presented in the Service and Assessment Plan, unless otherwise noted.
(2) Based on the concept plan for the District.
(3) Based on the values set forth in the Appraisal. See "APPRAISAL" and "APPENDIX G — APPRAISAL."
(4) Provided by the Developer.
(5) Pursuant to the Service and Assessment Plan, the maximum Assessment (the "Maximum Assessment") that can be levied on a Lot within Improvement Area #1 is equal to the lesser of (i) the amount calculated pursuant to Section VI.A of the Service and Assessment Plan and (ii) for each Lot Type, the amount shown on Exhibit E to the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan."

The Bonds are secured by a lien on and pledge of the Trust Estate consisting primarily of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX C — Form of Service and Assessment Plan."

Collection and Enforcement of Assessment Amounts

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

In the Indenture, the City will covenant to collect, or cause to be collected, the Assessments as provided in the Assessment Ordinance and the Service and Assessment Plan. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment

Rolls and a calculation of the Annual Installment for each Parcel. Assessments for Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels, as described in the Service and Assessment Plan.

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

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

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The Maximum Assessment for each Lot Type has been established by the methodology described in the Service and Assessment Plan and are shown on Exhibit E to the Service and Assessment Plan. The Assessment Rolls set forth for each year the Annual Installment for each Parcel consisting of (i) the annual portion

allocable to principal and interest on the Assessment for each Parcel, (ii) the Additional Interest and (iii) the component of the Annual Installment allocable to Annual Collection Costs. The Annual Installments may not exceed the amounts shown on the Assessment Rolls. The Assessments will be levied against the Parcels comprising the Assessed Property as indicated on the Assessment Rolls. See "APPENDIX C — Form of Service and Assessment Plan."

The Annual Installments shown on the Assessment Rolls will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest and actual Annual Collection Costs (as provided for in the definition of such term).

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, (i) the Zone A Improvement Area #1 Assessments allocable to the Zone A Improvement Area #1 Assessed Property have been initially allocated to the Zone A Improvement Area #1 Initial Parcel and (ii) the Zone B Improvement Area #1 Assessments allocable to the Zone B Improvement Area #1 Assessed Property have been initially allocated to the Zone B Improvement Area #1 Initial Parcel. As the existing Parcels or Lots within Improvement Area #1 are subsequently divided, the Assessments will be apportioned pro rata according to the Estimated Buildout Value of the newly created Parcels or Lots. See "ASSESSMENT PROCEDURES — Assessment Methodology" and "APPENDIX C — Form of Service and Assessment Plan."

Prepayment of Assessments

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

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

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. See "ASSESSMENT PROCEDURES — Assessment Methodology."

Prepayment as a Result of an Eminent Domain Proceeding or Taking. Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "Taking"), the portion of the Assessed Property that was taken or transferred (the "Taken Property") shall be reclassified as Non-Benefited Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "Remaining Property"), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of the 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.

Notwithstanding the above, 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 above, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all Outstanding Bonds.

Reduction of Assessments

If as a result of cost savings or an Improvement Area #1 Authorized Improvement not being constructed, the Actual Costs of completed Improvement Area #1 Authorized Improvements are less than the applicable Assessments, the Trustee shall apply amounts on deposit in the Zone A Improvement Area #1 Bond Improvement Account or Zone B Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Zone A Improvement Area #1 Bond Improvement Account or Zone B Improvement Area #1 Bond Improvement Account, as applicable, to redeem outstanding Bonds, in accordance with the Indenture.

Priority of Lien

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

Foreclosure Proceedings

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

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

an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

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

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

THE CITY

Background

The City is located in south central Rockwall County, approximately 24 miles west of Dallas and approximately six miles southeast of the City of Rockwall, Texas. Access to the City is provided by State Highways 205 and 550. The City covers approximately 12.8 square miles. The City's location, as part of the growing Dallas-Fort Worth Metroplex, has resulted in rapid growth over the last several years. The 2020 Census population for the City was 3,562, and the current estimated population is 7,500.

City Government

The City is a political subdivision and municipal corporation of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1969 and adopted the Home Rule Charter on October 14, 2025. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers who are elected for staggered two-year terms. The Mayor is the presiding Officer of the City Council and ceremonial head of the City. The City Council establishes policy for the City, while the City Manager is the Chief Administrative Officer and oversees policy implementation and day-to-day operations.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof. General information regarding the area surrounding the City can be found in "APPENDIX A — General Information Regarding the Surrounding 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 includes approximately 314.7 acres and lies partially within the corporate limits and partially within the ETJ of the City. The District was created by a resolution of the City adopted on April 22, 2025, in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Authorized Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. A map of the property within the District is included on page iii hereof.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's ETJ. The PID Act provides that the City may levy and collect Assessments on property in Improvement Area #1 of the District, or portions thereof, payable in full or in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

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

THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS

General

The "Improvement Area #1 Authorized Improvements" consist of the (1) Zone A Improvement Area #1 Projects, (2) the Zone B Improvement Area #1 Projects, (3) the Bonds Issuance Costs, and (4) the first-year Annual Collection Costs allocable to Improvement Area #1. A portion of the costs of the below described Improvement Area #1 Authorized Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Authorized Improvements were or will be funded by the Developer, the Landowner or the Master Infrastructure Developer without reimbursement by the City in accordance with the terms of the CFA Agreement and the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan" and "APPENDIX F— Form of CFA Agreement."

Improvement Area #1 Authorized Improvements

Major Improvements. The Improvement Area #1 Authorized Improvements include the portion of the following Major Improvements allocable to Zone A Improvement Area #1 and Zone B Improvement Area #1.

Streets. Improvements to Edwards Road from the western property line to League Road (including the intersection with League Road) and Benedetto Way (extension from existing Sonoma Verde to the newly realigned Edwards Road). These improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within the District.

Right-of-Way. Improvements include right-of-way acquisition required to provide street improvements for all lots within the District. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

Sewer. Improvements include the extension of a gravity sewer main from Edwards Road through the existing Sonoma Verde PID to the existing Sonoma Verde Lift Station and upgrades to the force main system (parallel force main, meter installation, etc.) from the existing Sonoma Verde Lift Station. These improvements include trench excavation and embedment, trench safety, PVC piping, lift station upgrades, pump upgrades, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

Storm Drainage. The improvements include the required storm drainage along the Edwards Road and Benedetto Way extensions as well as the removal/replacement of the existing culverts at the Berry Creek and Hackberry Creek crossings with Edwards Road. The improvements include earthen channels/grade to drains, swales, curb and drop inlets, RCP piping and boxes,

headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

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

Zone A Improvements. The Improvement Area #1 Authorized Improvements include the portion of the following Zone A Improvements allocable to Zone A Improvement Area #1.

Streets. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A.

Right-of-Way. Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to each Lot within Zone A.

Zone A Improvement Area #1 Improvements. The Improvement Area #1 Authorized Improvements also include the following Zone A Improvement Area #1 Improvements.

Streets. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A Improvement Area #1.

Right-of-Way. Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

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

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

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

Zone B Improvement Area #1 Improvements. The Improvement Area #1 Authorized Improvements also include the following Zone B Improvement Area #1 Improvements.

Streets. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone B Improvement Area #1.

Right-of-Way. Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone B Improvement Area #1. All related earthwork, excavation,

erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

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

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

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

Bond Issuance Costs. "Bond Issuance Costs" consist of the costs associated with issuing the Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, initial trustee fee, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount (including the fee to underwriter's counsel), fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

First-Year Annual Collection Costs. The Improvement Area #1 Authorized Improvements include the estimated first year of Annual Collection Costs allocable to Improvement Area #1.

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Improvement Area #1 Authorized Improvements Costs

The following table reflects the total expected costs of the Improvement Area #1 Authorized Improvements and the allocation of certain Authorized Improvements to the Zone A Remainder Area.

	Total Costs[a]	Privately Funded[d]	District Eligible Costs	Zone A				Zone B	
				Improvement Area #1		Remainder Area		Improvement Area #1	
				%	Cost	%	Cost	%	Cost
Major Improvements [b]									
Street	$ 2,543,370	$ -	$ 2,543,370	34.57%	$ 879,168	50.43%	$ 1,282,687	15.00%	$ 381,515
Sewer	3,407,799	-	3,407,799	34.57%	1,177,975	50.43%	1,718,641	15.00%	511,182
Storm Drainage	1,715,904	-	1,715,904	34.57%	593,137	50.43%	865,375	15.00%	257,392
Right-of-Way[h]	674,113	-	674,113	34.57%	233,021	50.43%	339,973	15.00%	101,119
Soft Costs[c]	1,651,883	-	1,651,883	34.57%	571,007	50.43%	833,087	15.00%	247,788
	$ 9,993,069	$ -	$ 9,993,069		$ 3,454,308		$ 5,039,763		$ 1,498,997
Zone A Improvements [g]									
Street	$ 1,166,442	$ -	$ 1,166,442	40.67%	$ 474,360	59.33%	$ 692,082	0.00%	$ -
Sewer	176,088	-	176,088	40.67%	71,610	59.33%	104,478	0.00%	-
Right-of-Way[h]	529,198	-	529,198	40.67%	215,211	59.33%	313,988	0.00%	-
	$ 1,871,728	$ -	$ 1,871,728		$ 761,181		$ 1,110,547		$ -
Zone A Improvement Area #1 Improvements									
Street	$ 3,003,017	$ -	$ 3,003,017	100.00%	$ 3,003,017	0.00%	$ -	0.00%	$ -
Sewer	1,762,326	-	1,762,326	100.00%	1,762,326	0.00%	-	0.00%	-
Storm Drainage	2,857,865	-	2,857,865	100.00%	2,857,865	0.00%	-	0.00%	-
Right-of-Way[h]	1,897,450	-	1,897,450	100.00%	1,897,450	0.00%	-	0.00%	-
Soft Costs[c]	2,531,132	-	2,531,132	100.00%	2,531,132	0.00%	-	0.00%	-
	$ 12,051,789	$ -	$ 12,051,789		$ 12,051,789		$ -		$ -
Zone B Improvement Area #1 Improvements									
Street	$ 1,670,175	$ -	$ 1,670,175	0.00%	$ -	0.00%	$ -	100.00%	$ 1,670,175
Sewer	808,923	-	808,923	0.00%	-	0.00%	-	100.00%	808,923
Storm Drainage	1,552,637	-	1,552,637	0.00%	-	0.00%	-	100.00%	1,552,637
Right-of-Way[h]	1,080,000	-	1,080,000	0.00%	-	0.00%	-	100.00%	1,080,000
Soft Costs[c]	1,359,371	-	1,359,371	0.00%	-	0.00%	-	100.00%	1,359,371
	$ 6,471,106	$ -	$ 6,471,106		$ -		$ -		$ 6,471,106
Private Improvements [d],[i]									
Private Improvements	$ 3,689,747	$ 3,689,747	$ -	0.0%	$ -	0.0%	$ -	0.00%	$ -
	$ 3,689,747	$ 3,689,747	$ -		$ -		$ -		$ -
Bond Issuance Costs [e]									
Debt Service Reserve Fund	$ 1,315,740	$ -	$ 1,315,740		$ 964,187		$ -		$ 351,553
Capitalized Interest	1,177,035	-	1,177,035		860,932		-		316,103
Underwriter Discount[f]	539,100	-	539,100		394,320		-		144,780
Cost of Issuance	1,169,125	-	1,169,125		854,561		-		314,564
	$ 4,201,000	$ -	$ 4,201,000		$ 3,074,000		$ -		$ 1,127,000
Other Costs [e]									
Deposit to Administrative Fund	$ 80,000	$ -	$ 80,000		$ 40,000		$ -		$ 40,000
	$ 80,000	$ -	$ 80,000		$ 40,000		$ -		$ 40,000
Total	**$ 38,358,439**	**$ 3,689,747**	**$ 34,668,692**		**$ 19,381,279**		**$ 6,150,311**		**$ 9,137,103**

Footnotes:

[a] Per Engineer's Report dated 03/17/2026.

[b] The Major Improvements are apportioned pro rata between Zone A Improvement Area #1, Zone B Improvement Area #1, and the Zone A Remainder Area based on the ratio of Estimated Buildout Value of each area to the Estimated Buildout Value of the District.

[c] Soft costs include engineering, staking, surveying, flood study, construction staking, city inspection fees, geotechnical and material testing, general contractor fees, and contingency.

[d] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[e] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[f] Includes the fee of counsel to the Underwriter.

[g] The Zone A Improvements are apportioned pro rata between Zone A Improvement Area #1 and the Zone A Remainder Area based on the ratio of Estimated Buildout Value of each area to the Estimated Buildout Value of Zone A.

[h] Based on draft right-of-way appraisal dated 05/22/2026 and subject to change based on final right-of-way appraisal.

[i] Private Improvements include the costs associated with the force main and gravity sewer improvements allocable to the Sonoma Verde East development, the water distribution system, and the FM 550 water distribution system, all of which are necessary to deliver final completed lots, as shown in the Engineer's Report attached as **Appendix A.**

The cost of the Improvement Area #1 Authorized Improvements is expected to be approximately $28,518,382*. A portion of such costs in the amount of $17,970,000* are expected to be paid with proceeds of the Bonds. The balance of the costs of the Authorized Improvements, in the total approximate amount of $10,548,382*, were or will be funded by or on behalf of the Developer, the Landowner or the Master Infrastructure Developer and will not be reimbursed by the City. See "THE DEVELOPER AND LANDOWNER — History and Financing of the District."

Ownership and Maintenance of the Improvement Area #1 Projects

The Improvement Area #1 Projects will be dedicated to and accepted by the City in accordance with the terms of the Development Agreement and will constitute a portion of the City's infrastructure improvements. The City

* *Preliminary; subject to change.*

will provide for the ongoing maintenance and repair of such Improvement Area #1 Projects constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT

The following information has been provided by the Developer, the Landowner or the Master Infrastructure Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

Overview

The District consists of approximately 314.7 acres (the "Development") and is a portion of the master-planned residential community known as Sonoma Verde. The District is approximately 7.5 miles from I-30 and approximately 19 miles from I-635. The Sonoma Verde Development also includes property within the Sonoma Verde PID, which consists of approximately 1,095 single-family lots, and the future Sonoma Verde East development, which is expected to consist of approximately 365 single-family lots. Currently, the majority of the land within the District is in the ETJ of the City and a small portion of the land within Zone A Improvement Area #1 is within the City limits. The Developer expects that the land within the ETJ will be annexed into the City limits concurrent with the levy of assessments on each phase within the District. The City expects to annex the land in Improvement Area #1 into the City limits on July 14, 2026.

In June 2025, the Developer acquired approximately 212.013 acres within the District from the Master Infrastructure Developer. Pursuant to the Landbank Purchase Agreement between the Developer and the Landowner, in October 2025, the Landowner purchased from the Developer approximately 164.377 acres of the 212.013 acres originally purchased by the Developer. On May 27, 2026, the Landowner conveyed approximately 1.461 acres within Zone B Improvement Area #1 back to the Developer. Sloan owns the remaining approximately 102.713 acres of land within the District. The Developer is under contract to purchase such remaining land from Sloan, which purchase (either directly by Developer or by Landowner under the Landbank Purchase Agreement) is expected to occur by June 2027. If Developer directly purchases such remaining land, then following such purchase, the Developer expects that the Landowner will purchase such land from the Developer in accordance with the terms of the Landbank Documents. See " — Landbank Transaction" below and "THE DEVELOPER AND LANDOWNER."

The District is currently divided into three areas: (i) Zone A Improvement Area #1, consisting of approximately 173.723 acres to be developed as Phase 1A and Phase 1B, (ii) Zone A Remainder Area, consisting of approximately 105.94 acres to be developed as Phase 2 and Phase 3, and (iii) Zone B Improvement Area #1, consisting of approximately 35.064 acres to be developed as Phase 4A and Phase 4B. The Developer expects that the District will include approximately 690 single-family lots, consisting of approximately 167 50' lots and 68 65' lots in Zone A Improvement Area #1, approximately 121 60' lots in Zone B Improvement Area #1, and approximately 207 50' lots and 127 65' lots in Zone A Remainder Area.

Development Plan

Construction of Improvements. The Development is being developed in multiple phases, which started with the construction of the Major Improvements, the Zone A Improvements, the Zone A Improvement Area #1 Improvements and the Zone B Improvement Area #1 Improvements. The Developer expects that it will construct additional internal improvements that will benefit the Zone A Remainder Area in the future.

Pursuant to the Development Agreement and the Infrastructure Escrow Agreement, the Master Infrastructure Developer is responsible for constructing the Major Improvements and the Water Improvements necessary to allow Blackland to supply retail water service to the District in accordance with the Non-Standard Agreement. See "— Infrastructure Escrow Agreement and Non-Standard Agreement" below.

The Developer is responsible for constructing and financing the remaining Improvement Area #1 Projects. The Developer has also constructed or plans to construct (i) the Onsite Water Improvements, (ii) landscaping and hardscaping for Improvement Area #1, (iii) three amenity sites in the Del Webb Community, including the Amenity Center in Phase 1A for use by residents in the Del Webb Community, and (iv) trails throughout the District, in accordance with the Development Agreement. See "— Development Agreement," "— Landbank Transaction – Construction Agreement and Collateral Assignment" and "— Amenities" below.

The Major Improvements are expected to be complete by Q4 2026. The Developer expects that the Zone A Improvement Area #1 Projects necessary to serve Phase 1A will be complete by Q3 2026 and the remaining Zone A Improvement Area #1 Projects necessary to serve Phase 1B will be complete by Q2 2027. The Developer expects that the Zone B Improvement Area #1 Projects necessary to serve Phase 4A will be complete by Q4 2026 and the remaining Zone B Improvement Area #1 Projects necessary to serve Phase 4B will be complete by Q2 2027. The Developer expects the Onsite Water Improvements will cost approximately $1,848,595 and will be complete by Q2 2027.

Residential Lot Development. The Developer expects that it will construct all of the single-family homes within the District. Zone A is planned to be developed as an age-restricted active-adult community under the Developer's "Del Webb" brand. Zone B Improvement Area #1 is planned to be developed as non-age restricted homes under the Developer's "Pulte" brand. Information regarding the Developer's current expectations for the buildout within the District is shown in the following table.

Expected Buildout of Residential Lots within the Development[(1)]

Phase/ Improvement Area	Quantity of Lots	Actual/Expected Infrastructure Start Date	Actual/Expected Infrastructure Completion Date	Expected Initial Sale Date of Homes to Homeowners
Zone A Improvement Area #1				
Phase 1A	74	Q4 2025	Q3 2026	Q2 2027
Phase 1B	161	Q4 2025	Q2 2027	Q4 2027
Zone B Improvement Area #1				
Phase 4A	65	Q4 2025	Q4 2026	Q2 2027
Phase 4B	56	Q4 2025	Q2 2027	Q4 2027
Zone A Remainder Area				
Phase 2	165	Q2 2027	Q3 2028	Q1 2029
Phase 3	169	Q3 2029	Q3 2030	Q1 2031

(1) The projections for Zone A Remainder Area are based on the Developer's current expectations.

The Developer owns all of the land within Zone B Improvement Area #1. The Developer currently owns approximately 14.033 acres within Zone A Improvement Area #1, which is not Assessed Property, and the Landowner owns the remaining approximately 159.69 acres. The Developer expects to purchase lots in Zone A Improvement Area #1 pursuant to the terms of the Option Agreement, as set forth below. The below table also shows the required take down schedule for the lots within Zone A Remainder Area, if such land becomes subject to the Option Agreement. Distinctive Lots consist of the 50' lots and Echelon Lots consist of the 65' lots. Phase I refers to Zone A Improvement Area #1 and Phase II refers to Zone A Remainder Area.

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Expected Absorption of Homes in Zone A of the District

Month	Minimum Number Distinctive Lots - Phase I	Echelon Lots - Phase I	Distinctive Lots - Phase II	Echelon Lots - Phase II	Cumulative # of Lots
Oct-25	0	0	0	0	0
Nov-25	0	0	0	0	0
Dec-25	0	0	0	0	0
Jan-26	0	0	0	0	0
Feb-26	0	0	0	0	0
Mar-26	0	0	0	0	0
Apr-26	0	0	0	0	0
May-26	0	0	0	0	0
Jun-26	0	0	0	0	0
Jul-26	0	0	0	0	0
Aug-26	0	0	0	0	0
Sep-26	0	0	0	0	0
Oct-26	0	0	0	0	0
Nov-26	0	0	0	0	0
Dec-26	0	0	0	0	0
Jan-27	0	0	0	0	0
Feb-27	0	0	0	0	0
Mar-27	0	0	0	0	0
Apr-27	3	3	0	0	6
May-27	0	0	0	0	0
Jun-27	0	0	0	0	0
Jul-27	2	0	0	0	2
Aug-27	0	0	0	0	0
Sep-27	0	0	0	0	0
Oct-27	18	15	0	0	33
Nov-27	0	0	0	0	0
Dec-27	0	0	0	0	0
Jan-28	15	10	0	0	25
Feb-28	0	0	0	0	0
Mar-28	0	0	0	0	0
Apr-28	16	10	0	0	26
May-28	0	0	0	0	0
Jun-28	0	0	0	0	0
Jul-28	16	11	0	0	27
Aug-28	0	0	0	0	0
Sep-28	0	0	0	0	0
Oct-28	16	10	0	0	26
Nov-28	0	0	0	0	0
Dec-28	0	0	0	0	0
Jan-29	16	9	0	2	27
Feb-29	0	0	0	0	0
Mar-29	0	0	0	0	0
Apr-29	16	0	0	10	26
May-29	0	0	0	0	0
Jun-29	0	0	0	0	0
Jul-29	16	0	0	11	27
Aug-29	0	0	0	0	0
Sep-29	0	0	0	0	0
Oct-29	16	0	0	10	26
Nov-29	0	0	0	0	0
Dec-29	0	0	0	0	0
Jan-30	17	0	39	23	79
Feb-30	0	0	0	0	0
Mar-30	0	0	0	0	0
Apr-30	0	0	56	24	80
May-30	0	0	0	0	0
Jun-30	0	0	0	0	0
Jul-30	0	0	56	24	80
Aug-30	0	0	0	0	0
Sep-30	0	0	0	0	0
Oct-30	0	0	56	23	79
Total	167	68	207	127	

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

Expected Absorption of Homes in Improvement Area #1[(1)]

Expected Final Sale Date	50' Lots	60' Lots	65' Lots	Total Lots
2027	18	18	18	54
2028	65	48	46	159
2029	64	48	1	113
2030	16	7	0	23
2031	0	0	0	0
2032	0	0	0	0
2033	4	0	3	7
Total	**167**	**121**	**68**	**356**

(1) These projections regarding expected absorption were provided by the Developer.

The Developer's current expectations regarding estimated lot and home prices in Improvement Area #1 are as follows:

Expected Single-Family Lot Values and Home Prices in Improvement Area #1

Lot Type	Quantity of Lots	Base Lot Value[(1)]	Base Home Price
50'	167	$93,293	$529,610
60'	121	66,913	487,532
65'	68	116,197	698,465

(1) Lot prices for the 50' and 65' lots in Zone A Improvement Area #1 are based on the prices set forth in the Option Agreement. Lot prices for the 60' Lots in Zone B Improvement Area #1 are provided by the Developer. Projections in the Appraisal may vary.

Development Agreement

TDI GP partially assigned its rights, duties, and obligations under the Development Agreement (i) with respect to the property in Improvement Area #1, to the Master Infrastructure Developer and (ii) with respect to the property in the Zone A Remainder Area, to Sloan. The Master Infrastructure Developer in turn partially assigned such rights, duties, and obligations under the Development Agreement with respect to the property in Improvement Area #1 to the Developer, excluding its rights to receive the Sewer Rebates (as defined herein) and its responsibility to construct (i) the Sonoma Verde lift station and force main, (ii) any offsite wastewater public infrastructure necessary to serve the District and (iii) the Edwards Road Improvements (as defined herein) ((i)-(iii) constituting the Major Improvements), as described below.

The Development Agreement requires the applicable developer to design and construct (i) all of the wastewater public infrastructure to serve the District, (ii) the roadway public infrastructure for Edwards Road (the "Edwards Road Improvements") and (iii) any required upgrades to the Sonoma Verde lift station and force main that connects to the Buffalo Creek interceptor, which will be constructed in the same manner and approximate location as the existing wastewater infrastructure located at Sonoma Verde and the force main to the Buffalo Creek Interceptor. All of such improvements constitute Improvement Area #1 Projects, a portion of which are expected to be reimbursed with proceeds of the Bonds.

The City has adopted a $3,000 sewer tap fee per single family equivalent unit to connect to the wastewater public infrastructure constructed pursuant to the Development Agreement (the "Tap Fees"), and the City will collect the Tap Fees and pay $1,800 from each Tap Fee collected to the Master Infrastructure Developer within 30 days after collecting such fees (the "Sewer Rebates"). If excess capacity exists and a third party requests a connection to such infrastructure, the City agrees that, as a condition precedent to such connection, the City will collect Tap Fees from such third party, and will pay $1,800 from each Tap Fee collected from a third party to the Master Infrastructure Developer within 30 days after collecting such fees.

Pursuant to the Development Agreement, the Developer must dedicate to the City a minimum 4-acre City services site in the southwest corner of the District (the "Civic Site"). The Developer agreed to convey title to the Civic Site to the City by special warranty deed in one hundred eighty (180) days or less after closing; however, the Developer expects to dedicate such land to the City following the recording of the final plat for Phase 1A, which is expected to be by October 2026.

In accordance with the terms of the Development Agreement, the City and the Developer entered into the Funding Agreement, under which the Developer is required to pay the City PID Fee in an amount equal to 3% of each Project Fund Disbursement from the Improvement Accounts, including the Zone A Improvement Area #1 Bond Improvement Account and Zone B Improvement Area #1 Bond Improvement Account, within ten business days of the Developer's receipt of each Project Fund Disbursement. The Developer anticipates that the total City PID Fee with respect to the Bonds, will be approximately $408,689. The Developer may not use the proceeds of the Bonds as the source of funds for the City PID Fee.

Infrastructure Escrow Agreement and Non-Standard Agreement

Infrastructure Escrow Agreement. The Developer, the Master Infrastructure Developer, TDI GP, and PGP Title, as "Escrow Agent," entered into the Infrastructure Escrow Agreement effective as of June 25, 2026 (the "Infrastructure Escrow Agreement"), pursuant to which TDI GP agreed to construct the Master Infrastructure and the Developer agreed to fund such construction in the maximum amount of $11,000,000 by escrowing such funds with the Escrow Agent (the "Escrowed Funds"). Pursuant to the partial assignment of the Development Agreement, the Master Infrastructure Developer is responsible for constructing the Master Infrastructure. In accordance with the Construction Agreement, the Landowner, on behalf of the Developer, deposited the required $11,000,000 with the Escrow Agent. The Master Infrastructure Developer is responsible for any costs of the Master Infrastructure in excess of the Escrowed Funds and the Master Infrastructure Developer is entitled to any costs savings from the Escrowed Funds. As of June 1, 2026, the Master Infrastructure Developer has received $4,987,537 in disbursements from the Escrowed Funds.

Non-Standard Agreement. TDI GP and Blackland entered into the Non-Standard Water Service Agreement Sonoma Verde North effective as of May 29, 2025 (the "Non-Standard Agreement"), as the same has been and may hereafter be amended from time to time. TDI GP partially assigned the Non-Standard Agreement to (i) the Master Infrastructure Developer with respect to the property in Improvement Area #1 and (ii) Sloan with respect to the property in the Zone A Remainder Area. The Master Infrastructure Developer subsequently partially assigned its responsibilities, obligations and rights under the Non-Standard Agreement to the Developer, excluding (i) its rights to receive the Water Rebates (as defined below) and (ii) its responsibilities to (A) construct and finance the Water Improvements and (B) pay consultant fees of Blackland in connection with the execution of the Non-Standard Agreement.

Pursuant to the Non-Standard Agreement, Blackland agreed to provide retail water service to a maximum of 725 lots within the District, including irrigation connections, as consideration for TDI GP's agreement to construct the following improvements: (i) all off-site and on-site distribution lines, valves, fire hydrants, and other appurtenances, including but not limited to the installation of water meters, as required by Blackland's consulting engineer's water study letter (the "Distribution Lines") to serve the Development, and (ii) the "Offsite Line," which is a 12" distribution line starting at FM 550 and reaching the Development (together, the "Water Improvements"). In addition, the Master Infrastructure Developer is responsible for paying to Blackland the costs of the following infrastructure (the "Blackland Infrastructure"), which will be constructed by Blackland: (1) improvements to the Green Pump Station (the "Green Pump Station Upgrades"), which are estimated to cost approximately $500,000, and (2) upsizing the water line along FM 276 from a 10" distribution line to a 12" distribution line, which is estimated to cost approximately $423,225. Prior to Blackland delivering water service to any lot in any phase within the Development, the Master Infrastructure Developer shall contract for, construct, and install the Distribution Lines. As of June 1, 2026, the Master Infrastructure Developer has paid Blackland approximately $446,089 for such costs with the remaining costs due upon completion.

Blackland will collect a fee of $3,000 (the "Impact Fee") for each lot and each irrigation meter in the Development. The Impact Fee will be collected from homebuilders at the time a meter is requested for each lot and from the Developer at the time the Developer requests the irrigation meters. In consideration of the Master Infrastructure Developer constructing the Offsite Line, the Master Infrastructure Developer shall receive a

reimbursement for the Impact Fee in the amount of $1,500 for each lot and irrigation meter in the Development, which will be reimbursed to Master Infrastructure Developer on a quarterly basis (the "Water Rebates").

The Development shall be subject to a one-time reserve water charge of $60,000 due from Developer prior to the issuance of the first meter or 90 days from the effective date of the Non-Standard Agreement, whichever is sooner.

Blackland agreed to have the availability to provide service for the first 335 connections at the time of the completion of the Green Pump Station Upgrades, but no later than May 1, 2026. The Green Pump Station Upgrades have started and are currently expected to be completed in November 2026. Blackland agreed to have the availability to provide service to the remaining connections, by either (i) the construction of a new take point by Blackland at Blackland's expense or (ii) the construction of the recommended improvements in the water study by the Master Infrastructure Developer at the Master Infrastructure Developer's expense, and such construction will begin by June 1, 2027, to provide service to the remaining connections by July 1, 2028.

The Master Infrastructure Developer completed the Water Improvements in May 2026 and Blackland commenced construction of the Blackland Infrastructure in March 2026.

Landbank Transaction

Option Agreement. The Landowner, as "Owner," and the Developer, as "Builder," entered into the Option Agreement (Sonoma Verde Project) as of October 1, 2025 (the "Option Agreement"). Capitalized terms used in this subsection shall have the meaning assigned to such term in the Option Agreement. Pursuant to the Option Agreement, the Owner granted the Builder the exclusive right and option to acquire the lots in Zone A Improvement Area #1 and the Zone A Remainder Area (together, the "Property"), if the Zone A Remainder Area is purchased by the Landowner on behalf of Developer, as is currently contemplated. The Option is effective from the Landowner's purchase of the applicable Property and expires on the applicable date specified in the Takedown Schedule as the deadline for the acquisition of each group of lots (each, a "Takedown Group") if Builder has not closed on the acquisition of the applicable specified Takedown Group by such date. See "— Development Plan – Residential Lot Development – Expected Absorption of Homes in the District" above for the required Takedown Schedule. As consideration for the grant of the Option, the Builder is required to pay the Owner $10,155,846.34 (the "Initial Option Payment"), of which $5,077,923.17 (the "First Initial Option Payment") was paid by Developer at execution of the Option Agreement. Upon the earliest to occur of the following: (i) the expiration or sooner termination of the Option (or other termination of the Option Agreement) for any reason other than an Owner Default prior to Builder's acquisition of all lots (the "Option Termination Date"), (ii) October 1, 2027, or (iii) the closing of the purchase of the Zone A Remainder Area, Builder shall pay to Owner the balance of the Initial Option Payment (such amount being referred to herein as the "Deferred Initial Option Payment").

Concurrently with Owner's acquisition of the property in Zone A Improvement Area #1, the Owner was required to reimburse Builder, in cash, for verified, unreimbursed project costs relating to the Zone A Improvement Area #1 which have been paid by Builder and reasonably approved by Owner, in a maximum amount of $40,000. The Owner paid the Builder approximately $5,200 pursuant to such term.

In order for the Option to remain effective, Builder must acquire each Takedown Group of lots (each, a "Takedown") on or before the applicable date specified in the Takedown Schedule, which date in each instance must be the fifth (5th) business day of the applicable month in which a Takedown is scheduled to occur. Builder shall have the right to extend, for any reason, the dates for the acquisition of lots, as reflected in the Takedown Schedule, for a total of up to two (2) quarterly extensions (each, an "Extension"), beyond the dates set forth in the Takedown Schedule by delivering written notice to Owner of such election at least twenty (20) business days prior to the Takedown that is the subject of such Extension. Once Builder has exercised such right to extend two (2) times (for one (1) quarter each time), Builder shall have no further extension rights. An Extension shall extend the timing for any subsequent Takedowns of Lots as set forth on the Takedown Schedule. Notwithstanding the foregoing, Builder may not exercise an Extension with respect to the initial Takedown or the final Takedown, and Extensions may not be exercised in consecutive quarters, and in no event shall an Extension provide for a Takedown beyond sixty (60) months after the date of the Option Agreement, unless otherwise agreed upon by Owner.

The Option Agreement provides that the Owner's Minimum Project Return on the Property shall be $9,844,884.77. In the event Owner does not acquire the Zone A Remainder Area and the Option therefore does not

become effective with respect to such property, Owner and Builder shall cooperate to adjust the Minimum Project Return such that the adjusted Minimum Project Return shall equal $4,500,000.00. The Builder has the right to accelerate its acquisition of all of the lots not yet acquired by Builder in one bulk transaction (a "Bulk Purchase"), which right may be exercised by Builder at any time. Concurrently with the closing of such Bulk Purchase, in addition to all other amounts due and payable by Builder under the Option Agreement, Builder shall pay to Owner, an additional sum (the "Bulk Purchase Premium") equal to the amount, if any, by which the Minimum Project Return exceeds the sum of all Monthly Option Payments actually paid by Builder to Owner as of the closing of the Bulk Purchase. The calculation of the Bulk Purchase Premium assumes that Builder has paid to Owner the full Takedown Price for all of the Property. The Minimum Project Return and any Premiums, including, without limitation, the Bulk Purchase Premium, will not be applicable if the Bulk Purchase was a result of Owner's default under the Option Agreement or the Construction Agreement.

To the extent that the Zone A Remainder Area Property is not acquired by Owner by August 9, 2027, and Owner has received the full amount of the Deferred Initial Option Payment from Builder, Owner shall calculate (i) the sum of any remaining amounts to be paid or reimbursed to Builder by Owner pursuant to the Budget (as defined in the Construction Agreement) for Zone A Improvement Area #1 in the Construction Agreement (the "Phase 1 Budget") as of such date of determination, and (ii) the Owner's Invested Capital (as defined below) as of such date of determination, and based upon such information, undertake a revised projection of the remaining unfunded Phase 1 Budget and outstanding Invested Capital in Zone A Improvement Area #1 (the "Projected Amount"). Based upon such revised projection, Owner will modify the Takedown Prices for all of the unpurchased lots in Zone A Improvement Area #1 in an amount equal to the Projected Amount divided by the number of lots in Zone A Improvement Area #1 still owned by Owner as of such date of determination, utilizing the same methodology utilized to determine the Takedown Prices set forth in the Original Takedown Schedule. "Invested Capital" shall mean (a) the aggregate amounts paid by Owner (and its affiliates) pursuant to the Option Agreement, the Construction Agreement and any of the other Builder's Agreements, including, without limitation, the acquisition cost of the Property and the progress payments made to improve the Property, less (b) the sum of (i) the aggregate amount of Takedown Prices received by Owner from Builder, any Premiums, if applicable, and any other amounts paid by Builder which have been reimbursed to Owner by Builder in accordance with the terms of the Option Agreement or the other Builder's Agreements, and (ii) the Initial Option Payment (including the First Initial Option Payment and the Deferred Initial Option Payment) to the extent same has been paid by Builder to Owner.

The Builder is also required to pay to Owner, on or before the tenth (10th) day of each month following the month of the effective date of the Option Agreement (each, a "Payment Date"), a payment (each, a "Monthly Option Payment") calculated daily for the prior month as follows: Invested Capital, multiplied by: eleven and seventy-five hundredths percent (11.75%), divided by: 360 days. Under no circumstances will the amount of the Invested Capital ever be less than $0 for the purpose of calculating the Monthly Option Payments. As additional consideration for the grant of the Option and as a condition to the continuing effectiveness of the Option and Builder's right to purchase the lots, the Builder shall also pay all Expenses otherwise payable or attributable to the Property, which have accrued or become due during the Option Term, and perform at Builder's expense all maintenance, insurance and other obligations contained in this Agreement.

The Builder shall pay $93,293 for the purchase of the 50' lots and $116,197 for the purchase of the 65' lots, subject to adjustment such that Owner receives an aggregate amount equal to the total of all Takedown Prices for the Property contemplated as of the Effective Date regardless of any deviation in the number of Lots within the Property and including any additional adjustments to ensure the Owner remains on target to achieve no less than its Minimum Project Return. If, at the last Closing, (i) Builder acquires all of the then remaining lots resulting in Builder having purchased all of the lots, and (ii) the amount drawn by Developer under the Construction Agreement is less than the "Contract Sum" (as defined herein), then Builder shall receive a credit against the Takedown Prices for the lots paid at the last Closing in an amount equal to the amount of the then unfunded costs available to be drawn by Developer under the Construction Agreement (the "Final Reconciliation Amount"), and if the Final Reconciliation Amount exceeds the cumulative Takedown Prices to be paid by Builder at the last Closing, then at such last Closing, Builder shall not be required to pay such cumulative Takedown Prices, but instead Owner shall pay to Builder, in cash or other immediately available funds, an amount equal to the Final Reconciliation Amount less such cumulative Takedown Prices; provided, however, that Owner shall be entitled to offset against such payment any amounts then owing by Builder to Owner pursuant to the Option Agreement, the Construction Agreement or any other Builder's Agreements.

To provide Owner assurance that, if Builder does not acquire all of the lots prior to the termination or expiration of Builder's rights under the Option Agreement, additional model homes can be constructed in a location

within the Property most likely to achieve the greatest homebuyer traffic, Builder and Owner have designated certain lots in Zone A Improvement Area #1 as the "Restricted Lots". Builder may not acquire any Restricted Lots at any time prior to the time when Builder has acquired at least seventy-five percent (75%) of all of the lots.

Construction Agreement and Collateral Assignment. In connection with the Landowner's purchase of the property in Zone A Improvement Area #1 and the granting of the Option to the Developer, the Landowner, as "Owner", and the Developer, as "Contractor", entered into the Construction Agreement (Sonoma Verde Project) dated as of October 1, 2025 (the "Construction Agreement"). Capitalized terms used in this subsection shall have the meaning assigned to such term in the Construction Agreement. Pursuant to the Construction Agreement, the Contactor agreed to construct the Subdivision Improvements and the Owner agreed to (i) reimburse the Contractor for a portion of the costs to complete the Subdivision Improvements, including, but not limited to the construction of the Improvement Area #1 Projects (excluding the Major Improvements), the Onsite Water Improvements, certain landscaping and hardscaping, and the Amenity Center, up to a maximum amount of $22,924,216.34 (not including amounts expected to be reimbursed with proceeds of the Bonds), and (ii) fund any escrow deposits under the Infrastructure Escrow Agreement, as further described herein.

The Construction Agreement requires the Contractor to (i) commence the Work for Phase 1A and Phase 1B no later than October 31, 2025, (ii) commence the Work for Phase 2 no later than April 30, 2027, (iii) commence the Work for Phase 3 no later than April 30, 2029, and (iv) commence construction of the amenity center, any onsite and/or offsite park areas, open space areas, trails and other public and private amenities (the "Amenity Work") no later than November 30, 2027. Subject to Force Majeure, Contractor shall (i) achieve Completion of the Phase 1A Work and Phase 1B Work no later than June 29, 2027, (ii) achieve Completion of the Phase 2 Work no later than September 30, 2028, (iii) achieve Completion of the Phase 3 Work no later than September 30, 2030, and (iv) achieve Completion of the Amenity Work no later than October 31, 2028.

The Owner shall reimburse Contractor for all costs actually expended by Contractor in Contractor's performance of the Work and Contractor's obligations under the Construction Agreement; however, in no event shall Owner be obligated to reimburse Contractor more than $43,205,642.27 (the "Contract Sum"), as set forth in the Budget, subject to any increase as a result of Change Orders approved in writing by Owner and Contractor and as otherwise agreed to by the parties pursuant to the terms of the Construction Agreement. Provided further, until such time as Owner acquires the Zone A Remainder Property, pursuant to the terms and conditions of the Option Agreement, the Budget shall exclude the amounts allocable to the Zone A Remainder Property, and Builder may not seek reimbursement for such amounts. Pursuant to the Budget, $22,924,216.24 of the Contract Sum is allocable to Zone A Improvement Area #1 and $20,281,425.93 of the Contract Sum is allocable to the Zone A Remainder Area. The Contractor is responsible for any costs in excess of the amounts on shown the Budget. If the actual cost of completing the Work is determined to be less than the Contract Sum, Owner shall, after all conditions to making the Final Payment (defined as the entire unpaid balance of the Contract Sum) have been satisfied, provide Builder a credit toward the purchase price of the last lots if and when acquired by Builder in accordance with the Takedown Schedule under the Option Agreement by the amount of such savings.

The Construction Agreement anticipates that $28,800,000 of public improvement district bonds, including the Bonds, will be issued in connection with the development of the District. The Owner and Contractor agree that (i) no more than $5,500,000 of reimbursements through the District ("PID Reimbursements") shall be allocated to the Major Improvements, (ii) no more than $3,000,000 of PID Reimbursements shall be allocated to the Developer for construction related to Zone B Improvement Area #1, and (iii) the entire remaining balance of such PID Reimbursements, in the approximate amount of $20,300,000, shall be allocated to the Property (the "Available PID Reimbursements"). Pursuant to the Budget, the Gross Budget Amount equals $63,376,753, of which the Owner is expected to fund the Contract Sum ($43,205,642.27) and the balance will be funded through the Available PID Reimbursements. Owner shall fund and reimburse Contractor for the costs of the Work up to the Gross Budget Amount, provided that Contractor shall pay to Owner on or before the fifth (5th) day of the month immediately following each calendar quarter during the term of the Construction Agreement any Available PID Reimbursements actually received by Contractor or Builder during such calendar quarter (each a "Quarterly PID Reimbursement Payment" and collectively, the "Quarterly PID Reimbursement Payments"). The parties acknowledge that the amount of the Available PID Reimbursements is only an estimate and if the actual final amount of the Available PID Reimbursements is less than $20,300,000, then the Gross Budget Amount shall automatically be modified and reduced to an amount equal to the Contract Sum plus the actual final amount of the Available PID Reimbursements and Owner shall thereafter only be obligated to fund and reimburse Contractor for the costs of the Work up to such modified and reduced Gross Budget Amount.

Pursuant to the Collateral Assignment of PID Reimbursements (Sonoma Verde – Phase 1) between the Landowner and the Developer dated as of October 1, 2025 (the "Collateral Assignment" and, together with the Landbank Purchase Agreement, Option Agreement, and Construction Agreement, the "Landbank Documents") and as described above, the Developer assigned to the Landowner all of the Developer's right, title and interest in and to all Available PID Reimbursements, said assignment to automatically become a present, unconditional assignment at Owner's option upon the occurrence of an uncured breach by the Developer of its obligations to make the Quarterly PID Reimbursement Payments.

Amenities

In accordance with the Development Agreement, the Developer plans to construct (i) landscaping and hardscaping for Improvement Area #1, (ii) three amenity sites in the Del Webb Community, including the Amenity Center in Phase 1A, and (iii) trails throughout the District. The Developer expects that construction of the landscaping and hardscaping for Improvement Area #1 will commence in the third quarter of 2026. The Developer plans to finance such construction, in the approximate amount of $3,045,875, with internal cash funding or with funds pursuant to the landbank transaction. The Master HOA will own, operate, and maintain the common area landscaping and hardscaping improvements located within Zone B Improvement Area #1, and the Del Webb HOA will own, operate, and maintain the common area landscaping and hardscaping improvements located within Zone A Improvement Area #1.

The initial Amenity Center in Phase 1A is planned to be approximately 10,000 square feet and include a clubhouse, fitness center, movement studio, multi-purpose rooms, resort-style pool, and pickleball courts. The Developer expects to commence construction of the Amenity Center in the first quarter of 2027 and complete such construction by the second quarter of 2028. The Developer plans to finance the estimated cost of the Amenity Center, in the approximate amount of $13,500,000, through internal cash funding or with funds pursuant to the landbank transaction. The Del Webb HOA will own, operate, and maintain the Amenity Center. Only residents in the Del Webb Community will have access to the Amenity Center. Residents in the Del Webb Community will also have access to all of the common area amenities in the Master HOA as described above.

The Developer plans to construct trails throughout the District in accordance with the below map. The trails are planned to be a 5'-6' concrete section, with completion of construction for trails in current phases expected by the second quarter of 2027. Estimated costs are pending final design. The trails for remaining phases are expected to be complete post-2029.

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LEGEND
TRAILS
FUTURE TRAIL OPPORTUNITIES
AMENITIES
TRAILS TOTALS
Sonoma Verde North
Sonoma Verde
Sonoma Verde East

Photographs of the Development

The following photographs shows the current development within the District.









Zoning/Permitting

The development of property within the District is governed by the Development Agreement, including the concept plan, development regulations, subdivision regulations, engineering standards, comprehensive zoning ordinance of the City applicable to the Sonoma Verde Development based on the terms of the development agreement for the Sonoma Verde PID and the building codes of the City in effect on February 11, 2025.

Education

Currently, approximately 169 lots within Zone A Improvement Area #1 and approximately 18 lots in Zone B Improvement Area #1 are located in Rockwall ISD and approximately 66 lots within Zone A Improvement Area #1 and approximately 103 lots in Zone B Improvement Area #1 are located in Royse City ISD. Residents in the District are expected to be served by schools in Royse City ISD or Rockwall ISD, as applicable.

Rockwall ISD encompasses 108 square miles and claims a tri-county boundary: Rockwall, Kaufman, and Collin Counties. Rockwall ISD operates sixteen elementary schools, four middle schools, and six high schools. Sharon Shannon Elementary School, which is approximately 5.7 miles from the District, Ursula Rakow Middle School, which is approximately 5.6 miles from the District and Rockwall-Heath High School, which is approximately 8.4 miles from the District, are expected to serve residents in the District located in Rockwall ISD. GreatSchools.org rated Sharon Shannon Elementary School a 9/10 and Rockwall-Heath High School a 7/10. GreatSchools.org did not rate Ursula Rakow Middle School. The Texas Education Agency (the "TEA") annual school report cards were issued for the 2024 – 2025 school year – both Sharon Shannon Elementary School and Rockwall-Heath High School received an "A." Ursula Rakow Middle School was not rated by the TEA.

Royse City ISD encompasses 74.48 square miles and claims a tri-county boundary: Rockwall, Collin, and Hunt Counties. Royse City ISD operates one early childhood learning center, six elementary schools, two middle schools, and one high school. Harry Herndon Elementary School, which is approximately 7.8 miles from the District, Bobby Summers Middle School, which is approximately 8.8 miles from the District and Royse City High School, which is approximately 11.6 miles from the District, are expected to serve residents in the District located in Royse City ISD. GreatSchools.org rated Harry Herndon Elementary School a 4/10 and both Bobby Summers Middle School and Royse City High School a 5/10. The TEA annual school report cards were issued for the 2024 – 2025 school year – Harry Herndon Elementary School received a "D," Bobby Summers Middle School received a "C" and Royse City High School received a "B."

Environmental

Site Evaluation. A Phase I Environmental Site Assessment report was prepared by UES on March 20, 2025 (the "Phase I ESA"). The Phase I ESA notes that the Soil Conservation Service Site 11 Dam/lake (the "Pond") was observed on the northern portion of the District and that a pond was observed on the western portion of the District; however, the Phase I ESA reported no evidence of current or historical or controlled recognized environmental conditions involving the property. The Pond is regulated by the Natural Resources Conservation Service ("NRCS") and was previously defined by an existing easement. Through coordination with the NRCS, the limits of the easement have been redefined to extend to an elevation of 3 feet above the existing top of dam elevation; based on existing ground contours, with the downstream boundary generally aligning with the limits of the spillway. A flood risk evaluation of the property was completed in accordance with applicable local, state, and federal regulations and included a fully developed watershed flood study and a simplified dam breach analysis for the upstream pond. Based on this conservative analysis, the site will be graded so all proposed lots are elevated above the modeled dam breach inundation limits, as confirmed by updated post development modeling. The proposed Edwards Road box culverts were also designed to safely convey the 100-year fully developed storm flows through the property.

Endangered Species. The Developer is not aware of any endangered species located on District property.

Mineral Rights

There are certain mineral rights reservations of prior owners of real property within the District (the "Mineral Owners") pursuant to one or more deeds in the chain of title for the property in the District, which may include a waiver of the Mineral Owners' rights to enter onto the surface of the property to explore, develop, drill or produce minerals. 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.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within Improvement Area #1 or the ability of the landowners within Improvement Area #1 to pay Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Exercise of Mineral Rights."

Utilities

Water and Wastewater. The City will serve as the retail wastewater provider for the District. Wastewater service is provided through the City's wastewater system and associated interlocal arrangements with regional providers. In the Development Agreement, the City acknowledges and agrees that there is sufficient available capacity to serve the full development of the District with 725 single family equivalent units pursuant to the Wastewater Interlocal Agreement between the City and the City of Rockwall, Texas, and the available capacity is reserved for the Development during the term of the Development Agreement.

Blackland will serve as the retail water provider for the District pursuant to the terms of the Non-Standard Agreement. See "THE DEVELOPMENT — Infrastructure Escrow Agreement and Non-Standard Agreement" above.

Additional Utilities. The Developer anticipates additional utilities to be provided by: (1) Telephone/Cable/Data – AT&T; (2) Electric – Farmers Electric Cooperative; and (3) Natural Gas – Atmos Energy.

THE DEVELOPER AND LANDOWNER

The following information has been provided by the Developer, the Landowner or the Master Infrastructure Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

General

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

Description of the Developer

The Developer is indirectly owned by PulteGroup, Inc. ("PulteGroup"). The General Partner of the Developer is Pulte Nevada I, LLC, a Delaware limited liability company. The Developer was created by PulteGroup for the purpose of acquiring, owning, holding, managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State of Texas, including developing, managing, and ultimately conveying property to third parties.

PulteGroup is a publicly traded company on the New York Stock Exchange under the ticker symbol "PHM" and is subject to the informational requirements of the Securities Exchange Act of 1934, as amended. Information regarding PulteGroup, including the reports, proxy statements, and other information it files with the SEC (SEC File No. 1-9804), is available through the SEC's website at http://www.sec.gov. The Developer makes no representation in this Limited Offering Memorandum as to PulteGroup, its operations or financial condition, or its publicly filed reports. A snapshot of some of recent single-family developments that the Developer has developed in the Dallas-Fort Worth market is presented below.

Name of Community	City	Status of Development
Ribbonwood	Aubrey	Phase 1 Complete
Whitewing Trails	Princeton	Phase 3B Complete
Ashford Crossing	Lowry Crossing ETJ	Complete
Winn Ridge	Aubrey	Complete

Description of the Landowner

The Landowner is a wholly-owned subsidiary of Domain Burlewood Holdco, LLC, which is in turn a wholly-owned subsidiary of Domain Operating, LLC, an entity managed by Domain Real Estate Partners, LLC ("Domain"). Domain provides capital through its land banking program, in which property is purchased by Domain or one of its affiliates and optioned to homebuilder partners who have a contractual option to purchase the land at a pre-agreed price on a fixed timeline.

History and Financing of the District

Pursuant to the Improvement Area #1 Purchase Contract, in June 2025, the Developer acquired approximately 212.013 acres within the District from the Master Infrastructure Developer for a purchase price of $13,500,000. Under such contract and pursuant to the Declaration of Home Sales Proceeds Fee between the Master Infrastructure Developer and the Developer, the Developer is required to pay to the Master Infrastructure Developer an amount equal to $5,000 for each completed residential unit in Zone A Improvement Area #1 at the time of closing on such home sale. The Developer is entitled to receive any impact fee credits or rebates available in connection with the design and construction of Edwards Road. The Master Infrastructure Developer is entitled to receive the Water Rebates and the Sewer Rebates. The Developer must pay the Master Infrastructure Developer's designee an amenity center fee equal to $3,000 per platted lot within Zone B Improvement Area #1 upon the Developer's receipt of a building permit for such lot.

In October 2025, the Landowner purchased the Landowner Property for a purchase price of $11,000,000. In accordance with the Option Agreement, the Developer is required to pay the Landowner the Initial Option Payment equal to $10,155,846.34, of which $5,077,923.17 was paid at execution of the Option Agreement. As additional consideration and separate from the purchase price of the lots, the Developer is also required to pay the Landowner the Monthly Option Payment calculated daily for the prior month as follows: Invested Capital, multiplied by: eleven and seventy-five hundredths percent (11.75%), divided by: 360 days. See "THE DEVELOPMENT — Landbank Transaction – Option Agreement." The Landowner will pay the Developer on a monthly basis for the Developer's actual costs to construct the Subdivision Improvements allocable to Improvement Area #1, including the Improvement Area #1 Projects (excluding the Major Improvements), the Onsite Water Improvements, and the hardscape/landscape, trails and other amenities, up to a maximum amount of $31,121,655.65, a portion of which will be reimbursed to the Landowner with proceeds of the Bonds, as described below. See "THE DEVELOPMENT — Landbank Transaction – Construction Agreement and Collateral Assignment."

The Improvement Area #1 Projects are expected to cost approximately $24,237,382*. Pursuant to the CFA Agreement, the City will reimburse the Developer for a portion of the Actual Costs, paid or incurred by or on behalf of the Developer (including by the Master Infrastructure Developer), of the Improvement Area #1 Projects, in the approximate amount of $13,689,000* through the issuance of the Bonds. The balance of the costs of the Improvement Area #1 Projects, in the approximate amount of $10,548,382*, were or will be funded by or on behalf of the Developer and the Master Infrastructure Developer with financing provided by the Landowner through the landbank transaction or partner equity, as applicable, and will not be reimbursed by the City. The Master Infrastructure Developer has no rights to receive amounts from the City under the CFA Agreement; provided, however, in accordance with the Improvement Area #1 Purchase Contract, the Developer will pay the Master Infrastructure Developer $2,500,000 from the amounts received by the City under the CFA Agreement. Pursuant to the Construction Agreement, the Developer is also required to pay the Landowner approximately $8,197,439 from the proceeds of the Bonds to reimburse the Landowner for a portion of the costs of the Improvement Area #1 Projects financed by the Landowner in accordance with the terms of the Landbank Documents. See "THE DEVELOPMENT — Landbank Transaction – Construction Agreement and Collateral Assignment" and "APPENDIX F— Form of CFA Agreement."

As of June 1, 2026, the Developer and the Master Infrastructure Developer have spent (i) $4,044,110 on constructing the Major Improvements (which does not include any costs allocable to land outside of the District), (ii) $116,910 on constructing the Zone A Improvements, (iii) $5,068,666 on constructing the Zone A Improvement Area #1 Improvements and (iv) $331,866 on constructing the Zone B Improvement Area #1 Improvements, as applicable.

* *Preliminary; subject to change.*

There are currently no liens securing indebtedness related to the planned development of the property on the land within Improvement Area #1, which were incurred by the Developer or Landowner, and the Developer does not currently anticipate the incurrence of any such liens on the property within Improvement Area #1 for as long as the Landowner or Developer owns such property (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property within Improvement Area #1 and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

The Developer expects to request the City to issue in the future one or more series of Future Improvement Area Bonds to finance the costs of the Zone A Remainder Area Projects. The estimated costs of the Zone A Remainder Area Projects will be determined as development progresses, and the Service and Assessment Plan will be updated accordingly to include a description and the costs of such public improvements. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Zone A Remainder Area benefitted thereby.

ADMINISTRATOR

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

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

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel identification numbers within the District;
- Trust account analysis and reconciliation;
- Property owner inquires;
- Determination of Prepayment amounts;
- Preparation and review of disclosure notices with dissemination agent; and
- Review of developer draw requests for reimbursement of public improvement costs.

APPRAISAL

The Appraisal

General. Integra Realty Resources - Dallas (the "Appraiser") prepared an appraisal report (the "Appraisal") for the City dated June 25, 2026, based upon a physical inspection of the District conducted on February 5, 2026. The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1. The Appraisal is attached hereto as APPENDIX G and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX G — APPRAISAL."

Value Estimates. The Appraiser estimated the prospective cumulative retail market value "as complete" in the 235 lots in Zone A Improvement Area #1 and the 121 lots in Zone B Improvement Area #1, under certain extraordinary assumptions and hypothetical conditions, including that the Improvement Area #1 Projects are complete. The Appraisal does not reflect the value of the Assessed Property as if sold to a single purchaser in a single transaction. See "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT — Development Plan" and "APPENDIX G — Appraisal."

Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the cumulative retail market value "as complete" (i) with respect to Zone A Improvement Area #1, as of August 1, 2027, is $29,371,000 and (ii) with respect to Zone B Improvement Area #1, as of May 1, 2027, is $16,698,000. The Developer currently expects that Zone A Improvement Area #1 may be complete by the end of Q2 2027. None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. 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 G.

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

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

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

Deemed Representations and Acknowledgment by Investors

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

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 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, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

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

Assessment Limitations

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

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Improvement Area #1, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS — Bondholders' Remedies and Bankruptcy of Property Owners" herein.

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

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

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. **However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such 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 Landowner and the Developer will own 100% of the land within Improvement Area #1 at the time the Assessments will be levied and are not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

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

State Law Requiring Notice of Assessment; Failure of Developer and Landowner 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 contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Landowner or the Developer do not provide the required notice and prospective purchasers of property within Improvement Area #1 terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed $5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property should be prepaid. See "DESCRIPTION OF THE BONDS — Redemption Provisions." In the event of such prepayment, a partial redemption of the Bonds could occur. 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 Landowner or the Developer do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached as to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX B — 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 convened on January 14, 2025 and concluded on June 2, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Since the conclusion of the 89th Regular Session, the Governor called two special sessions, the last of

which concluded on September 4, 2025, and both of which ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. 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.

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.

The Development cannot be completed without the Developer and the Master Infrastructure 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 or the Master Infrastructure 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. As described herein, the Assessments are an imposition against the land only. Neither the Landowner, the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of any landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. The timely payment of the Bonds depends on the willingness and ability of the landowners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within Improvement Area #1 in the event such property has to be foreclosed. If Annual Installments 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 slowdown in new home sales and home closings due in part to rising inflation and higher mortgage interest rates. Inflation and interest rates remain subject to volatility stemming from energy price fluctuations, geopolitical instability in the Middle East, and the uncertain effects of tariffs and retaliatory trade actions. Downturns in the real estate market, mortgage rates, and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

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

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the homebuilders to estimate costs. If the cost of materials remains elevated, it may impact the ability of the Developer and the Master Infrastructure Developer to complete the applicable Improvement Area #1 Projects and the Developer to construct homes in 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 and the Master Infrastructure Developer's ability to construct the applicable Improvement Area #1 Projects and the Developer's ability to construct homes within Improvement Area #1 of the District.

Completion of Homes

The cost and time for completion of homes by the Developer 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 the District, could impair the economic viability of the District, and could reduce the ability or desire of property owners in Improvement Area #1 to pay the Assessments.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes a Maximum Assessment for each lot type in Improvement Area #1 of the District, which Maximum Assessment is currently calculated as set forth in the Service and Assessment Plan. Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any lot type exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment per lot for any lot type will exceed the Maximum Assessment, the Service and Assessment Plan provides that the person or entity filing the plat shall make a mandatory prepayment of the Assessments. See "DESCRIPTION OF THE BONDS — Redemption Provisions," "SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund," "ASSESSMENT PROCEDURES — Prepayment of Assessments – True-Up of Assessments if Maximum Assessment Exceeded at Plat," and "APPENDIX C — Form of Service and Assessment Plan."

Competition

The housing industry in the Dallas-Fort Worth is very competitive, and none of the Developer, the City, the City's Financial Advisor, or the Underwriter can give any assurance that the building programs which are planned throughout the District will be completed in accordance with the Developer's expectations. The successful development of the land within the District, the success of the Development, and the sale of residential units therein, once such homes are built, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market, and other factors beyond the control of the Developer. The competitive position of the Developer

in the 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 Improvement Area #1 of the District.

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

Project Name	# of SF	Proximity to Development	Homebuilder	Date Started	Actual/Expected Completion	Prices	# of Units Remaining
Stone River Glen	133	20 min north	Bloomfield	Q3 2024	Q2 2028	$381k-578k	88
Waterscape	368	11 min north	Highland Homes	Q1 2018	Q2 2026	$325k-400k	15
Waterscape	288	11 min north	HistoryMaker Homes	Q1 2019	Q3 2026	$280k-410k	19
Mercer Meadows	80	13 min north	Impression Homes	Q3 2024	Q3 2027	$330k-440k	31

Source: The Developer

Lien Foreclosure and Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of Assessed Property to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of Improvement Area #1 currently impose ad valorem taxes on the property within Improvement Area #1 and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1. The imposition of additional liens, whether from taxes, assessments, or for private financing, may reduce the ability or willingness of the landowners to pay the 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 property within Improvement Area #1 of the District to pay the Assessments when due could result in the rapid, total depletion of the accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS —Delinquency and Prepayment Reserve Account of the Reserve Fund."

Hazardous Substances

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

The value of the land within the District does not consider the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware,

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

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

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

Regulation

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

Availability of Utilities

The progress of development within Improvement Area #1 of the District is also dependent upon Blackland and the City providing an adequate supply of water and wastewater service to the Development, respectively. If Blackland or the City fails to provide water and wastewater services to the property in the District, as applicable, the Development cannot be substantially completed, and the Developer will not be able to construct homes. See "THE DEVELOPMENT — Utilities."

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of Blackland and the City to provide an adequate supply of water and sufficient capacity for treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entity's water and wastewater systems, and the construction of developments competing with the District. See "BONDHOLDERS' RISKS — General Risks of Real Estate Investment and Development," "— Risks Related to Increase in Costs of Building Materials and Labor Shortages, "— Competition," "— Regulation," and "— Flood Plain and Risk from Weather Events."

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to the District or an investment in the Bonds.

Flood Plain and Risk from Weather Events

Approximately 58 lots in the District, consisting of 21 lots within Zone A Improvement Area #1 (12 lots in Phase 1A and 9 lots in Phase 1B) and 37 lots within Zone B Improvement Area #1 (33 lots in Phase 4A and 4 lots in Phase 4B), are within the Federal Emergency Management Agency ("FEMA") 100-year flood plain, as shown on the current FEMA Flood Insurance Rate Map Number 48397C0130L, dated September 26, 2008 (the "Flood Plain"). The Developer is in the process of obtaining a LOMR-F to state that the 58 proposed lots identified as being within the 100-year floodplain as shown on the FEMA Flood Insurance Rate Map have been elevated by fill material and therefore would not be inundated by the 100-year floodplain and removed from the limits of the Special Flood Hazard Area.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, how long it may take for FEMA to do so, whether such revisions may result in homes that are currently outside of the 100-year

and 500-year flood plain from being included in the 100-year or 500-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the rate maps.

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

Exercise of Mineral Rights

As described herein under "THE DEVELOPMENT — Mineral Rights," there are certain mineral rights reservations located within the District not owned by the Landowner or Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of the 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 to pay Assessments. However, the Developer provides no representations, warranties or other assurances with respect to the existence or exercise of any mineral rights or related real property rights in or around the District. Furthermore, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer's expectations.

Bondholders' Remedies and Bankruptcy of Property Owners

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may proceed, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding under the Indenture and its receipt of indemnity satisfactory to it 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 issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 or sell property within Improvement Area #1 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Chapter 9 Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within 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 judgement, is justiciable against a municipality.

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

Judicial Foreclosures

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

No Acceleration

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

Limited Secondary Market for the Bonds

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

No Credit Rating

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

Chapter 9 Bankruptcy Limitation to Bondholders' Rights

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

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

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 has announced audit efforts focused in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

The management and ownership of the Developer, the Landowner and the Master Infrastructure Developer 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 Landowner and Developer

The Landowner and Developer own all of the Assessed Property in Improvement Area #1 and will have the obligation for payment of the Annual Installments until homes begin to be sold to homebuyers. The ability of the Landowner and Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds.

Use of Appraisal

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation 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 the properties in Improvement Area #1 of the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Improvement Area #1.

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

2026 Iran War

Global stability has become more uncertain following the February 28, 2026, military strikes launched by the Unites States and Israel that resulted in the death of Supreme Leader Ayatollah Ali Khamenei and other members of Iran's leadership. Generally, early stages of any war are unstable and unpredictable, but this particular conflict is further burdened by unclear and shifting objectives, and no clear exit strategy or defined victory. Retaliatory attacks by the Islamic Revolutionary Guard Corps present a risk that the war may broaden to surrounding countries, or that internal power struggles could produce an Iranian civil war. A lengthy conflict would disrupt global shipping, disturb trade routes and supply chains, and reduce global output. The impact of war in the Middle East on the national economy will depend on the extent of rising oil prices and the disruption to global oil supplies. Increased energy prices are likely to create higher inflation, slower growth, and higher unemployment in the Unites States

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 Owners thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX D — Form of Opinion of Bond Counsel."

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure 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 the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. 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 corporations' "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, Owners 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 Owner 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 Owner 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 Owner and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

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

McCall, Parkhurst & Horton L.L.P., Dallas, Texas, serves as Bond Counsel to the City. Norton Rose Fulbright US LLP serves as Underwriter's Counsel. The City expects to pay the legal fee of McCall, Parkhurst & Horton L.L.P. for services rendered in connection with the issuance of the Bonds from proceeds of the Bonds. The legal fees paid to 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 the State, 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 of 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 certain 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 herein under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (first paragraph only), "LEGAL MATTERS — Legal Opinions" (except for the final paragraph thereunder), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "APPENDIX B — FORM OF INDENTURE" and such firm is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation — The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Bond 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 would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, the Development Agreement or the CFA Agreement or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds.

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

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

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

The City's Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule, except as described below. The City entered into a continuing

disclosure agreement in 2020 with respect to bonds issued in connection with the Sonoma Verde PID (the "2020 CDA"), pursuant to which the City agreed to provide certain financial information within 6 months of the City's fiscal year end (the "Annual Financial Report"). For fiscal year 2020, the City did not include the five-year assessment collection history as part of its Annual Financial Report, as required by the 2020 CDA. The City filed such information and a notice of failure to file on March 3, 2022.

The Developer

The Developer, the Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of Developer"), for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Improvement Area #1 Projects (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 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 believes it has complied in all material respects with its prior continuing disclosure undertakings.

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 a reoffering discount of $_____ 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 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 1933 in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance

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

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

INVESTMENTS

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

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

clause (1) above or clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

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

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

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

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

INFORMATION RELATING TO THE TRUSTEE

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

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

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

SOURCES OF INFORMATION

General

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

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Developer, the Development and the Improvement Area #1 Projects generally and, in particular, the information included in the maps on pages ii, iii and iv herein and in the sections captioned "PLAN OF FINANCE — Development and Financing Plan," "OVERLAPPING TAXES AND DEBT — Homeowners' Association and Homeowners' Association Dues," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER AND LANDOWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects and the Development), "LEGAL MATTERS — Litigation – The Developer," "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings," "APPENDIX E-2" and "APPENDIX F" has been provided by the Developer, and the Developer warrants and represents that, to the Developer's knowledge after due inquiry, the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. The foregoing warranty and representation excludes, and the Developer makes no representation with respect to, any information concerning the Landowner, the Master Infrastructure Developer, or PulteGroup, Inc., each of which is responsible for information concerning itself. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

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

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

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the

City's obligations hereunder will extend for an additional period of time (but not more than ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act 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.

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AUTHORIZATION AND APPROVAL

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

CITY OF MCLENDON-CHISHOLM, TEXAS

_____

Mayor

ATTEST:

_____

City Secretary

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APPENDIX A

GENERAL INFORMATION REGARDING THE SURROUNDING AREA

The following information has been provided for informational purposes only.

Historical Employment in Rockwall County (Average Annual)

	Average Annual				
	2026[(1)]	2025	2024	2023	2022
Civilian Labor Force	74,930	75,039	73,660	70,848	66,064
Total Employed	72,316	72,288	71,044	68,416	63,941
Total Unemployed	2,614	2,751	2,616	2,432	2,123
Unemployment Rate	3.5%	3.7%	3.6%	3.4%	3.2%

(1) Data through April 2026.

Source: Texas Labor Market Information

Major Employers in the Rockwall County

The top ten employers in the County are set forth in the table below.

Employer	Employees
Rockwall ISD	2,297
Royse City ISD	1,400
Baylor Scott & White – Lake Pointe	750
Texas Health Presbyterian Hospital	700
Channell Commercial	575
Wal-Mart Superstore	450
County of Rockwall	410
City of Rockwall	352
Lollicup USA	350
SPR Packaging	330

Source: The County's 2025 CAFR.

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Regional Employers

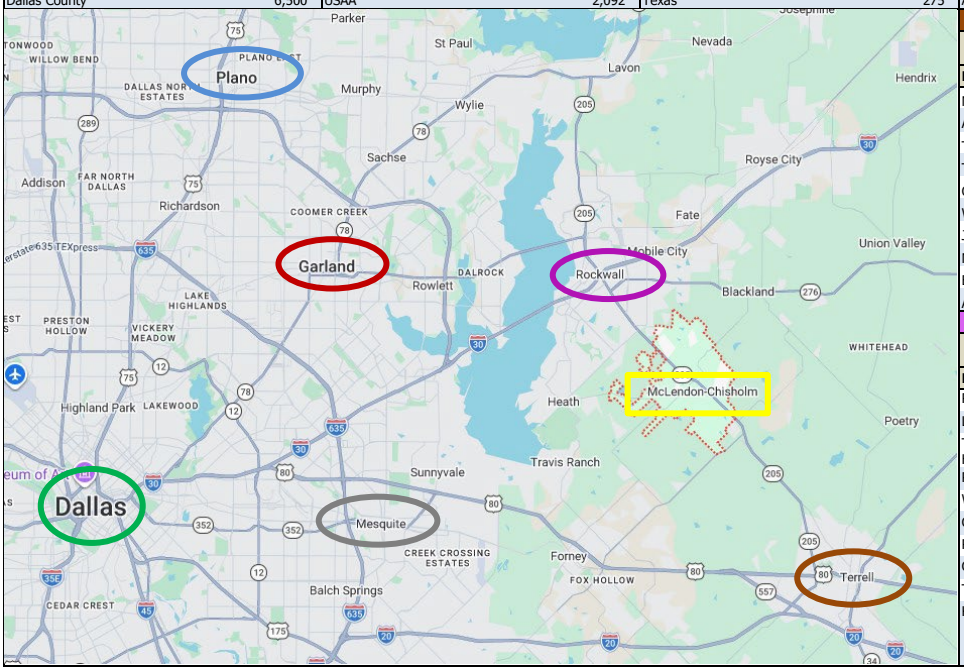
The major employers of municipalities surrounding the City are set forth in the table below.

City of Dallas, TX	
Approximately 30 Miles from McLendon-Chisholm	
Employer	**Employees**
UT Southwestern Medical Center	22,721
Dallas ISD	22,162
Southwest Airlines Co	17,324
Parkland Health & Hosp System	14,000
City of Dallas	13,000
AT&T Inc.	10,868
Texas Instruments Inc.	7,704
Baylor Scott & White Health	7,284
Methodist Dallas Medical Center	6,752
Dallas County	6,500

City of Plano, TX	
Approximately 30 Miles from McLendon-Chisholm	
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 Garland, TX	
Approximately 20 Miles from McLendon-Chisholm	
Employer	**Employees**
Kraft Foods	796
US Food Service	520
Atlas Copco	460
SilverLine Windows	425
Hatco (Resistol)	390
L3 Communication	350
Arrow Fabricated Tubing	340
Valspar	300
KARLEE Inc.	290
International Leadership of Texas	275

City of Mesquite, TX	
Approximately 20 Miles from McLendon-Chisholm	
Employer	**Employees**
Mesquite ISD	5,940
Town East Mall	2,750
United Parcel Service Inc.	2,300
Canadian Solar	1,500
City of Mesquite	1,446
Pepsi Beverages Co.	1,000
Eastfield College	950
Dallas Regional Medical Center	900
Wal-Mart Supercenter	850
Ashley Furniture	785



City of Terrell, TX	
Approximately 11 Miles from McLendon-Chisholm	
Employer	**Employees**
Madix Inc.	827
AutoZone Distribution Center	800
Terrell State Hospital	750
Terrell ISD	658
Oldcastle BuildingEnvelope	600
WalMart Distribution	575
J.S. Helwig & Son LLC	460
NUCOR Building Systems	366
Buc-ee's	315
American National Bank	250

City of Rockwall, TX	
Approximately 7 Miles from McLendon-Chisholm	
Employer	**Employees**
Rockwall ISD	1,944
L-3 Harris Technologies	700
Texas Health Presbyterian Hospital	700
Pegasus Foods	700
Wal-Mart Superstore	450
Channell Commercial	380
Rockwall County	364
City of Rockwall	353
Texas Star Express	275
Karat by Lollicup USA	260

Source: Municipal Advisory Council of Texas.

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APPENDIX B

FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF MCLENDON-CHISHOLM, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

DATED AS OF AUGUST 1, 2026

SECURING

$_____
CITY OF MCLENDON-CHISHOLM, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND
ZONE B IMPROVEMENT AREA #1 PROJECTS)

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION 4

Section 1.1. Definitions. 4
Section 1.2. Findings. 14
Section 1.3. Table of Contents, Titles and Headings. 14
Section 1.4. Interpretation. 14

ARTICLE II THE BONDS 15

Section 2.1. Security for the Bonds. 15
Section 2.2. Limited Obligations. 15
Section 2.3. Authorization for Indenture. 15
Section 2.4. Contract with Owners and Trustee. 15

ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS 16

Section 3.1. Authorization. 16
Section 3.2. Date, Denomination, Maturities, Numbers and Interest. 16
Section 3.3. Conditions Precedent to Delivery of Bonds. 17
Section 3.4. Medium, Method and Place of Payment. 17
Section 3.5. Execution and Registration of Bonds. 18
Section 3.6. Ownership. 19
Section 3.7. Registration, Transfer and Exchange. 19
Section 3.8. Cancellation. 20
Section 3.9. Temporary Bonds. 20
Section 3.10. Replacement Bonds. 21
Section 3.11. Book-Entry Only System. 22
Section 3.12. Successor Securities Depository: Transfer Outside Book-Entry-Only System. 23
Section 3.13. Payments to Cede & Co. 23

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY 23

Section 4.1. Limitation on Redemption 23
Section 4.2. Mandatory Sinking Fund Redemption 23
Section 4.3. Optional Redemption 25
Section 4.4. Extraordinary Optional Redemption 25
Section 4.5. Partial Redemption. 25
Section 4.6. Notice of Redemption to Owners. 26
Section 4.7. Payment Upon Redemption 26
Section 4.8. Effect of Redemption 27

ARTICLE V FORM OF THE BONDS 27

Section 5.1. Form Generally 27
Section 5.2. Form of the Bonds. 28
Section 5.3. CUSIP Registration 36
Section 5.4. Legal Opinion. 36

ARTICLE VI FUNDS AND ACCOUNTS 36

Section 6.1. Establishment of Funds and Accounts 36

Section 6.2. Initial Deposits to Funds and Accounts 38
Section 6.3. Pledged Revenue Fund 38
Section 6.4. Bond Fund 40
Section 6.5. Project Fund 40
Section 6.6. Redemption Fund 43
Section 6.7. Reserve Fund 43
Section 6.8. Rebate Fund: Rebatable Arbitrage 45
Section 6.9. Administrative Fund. 46
Section 6.10. Investment of Funds 46
Section 6.11. Security of Funds 46

ARTICLE VII COVENANTS 48

Section 7.1. Confirmation of Assessments. 48
Section 7.2. Collection and Enforcement of Assessments. 48
Section 7.3. Against Encumbrances. 49
Section 7.4. Records, Accounts, Accounting Reports. 49
Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds. 49

ARTICLE VIII LIABILITY OF CITY 52

Section 8.1. Liability of City. 52

ARTICLE IX THE TRUSTEE 54

Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent. 54
Section 9.2. Trustee Entitled to Indemnity. 54
Section 9.3. Responsibilities of the Trustee. 54
Section 9.4. Property Held in Trust. 56
Section 9.5. Trustee Protected in Relying on Certain Documents. 57
Section 9.6. Compensation. 58
Section 9.7. Permitted Acts. 58
Section 9.8. Resignation of Trustee. 58
Section 9.9. Removal of Trustee. 59
Section 9.10. Successor Trustee. 59
Section 9.11. Transfer of Rights and Property to Successor Trustee. 60
Section 9.12. Merger, Conversion or Consolidation of Trustee. 60
Section 9.13. Trustee to File Continuation Statements. 61
Section 9.14. Offering Documents. 61
Section 9.15. Accounts, Periodic Reports and Certificates. 57
Section 9.16. Construction of Indenture. 57

ARTICLE X MODIFICATION OR AMENDMENT OF THIS INDENTURE 61

Section 10.1. Amendments Permitted. 61
Section 10.2. Owners' Meetings. 62
Section 10.3. Procedure for Amendment with Written Consent of Owners. 62
Section 10.4. Procedure for Amendment Not Requiring Owner Consent. 62
Section 10.5. Effect of Supplemental Indenture. 64
Section 10.6. Endorsement or Replacement of Bonds Issued After Amendments. 64
Section 10.7. Amendatory Endorsement of Bonds. 64
Section 10.8. Waiver of Default. 64
Section 10.9. Execution of Supplemental Indenture. 64

ARTICLE XI DEFAULT AND REMEDIES 65

Section 11.1. Events of Default. 65
Section 11.2. Immediate Remedies for Default. 65
Section 11.3. Restriction on Owner's Action. 66
Section 11.4. Application of Revenues and Other Moneys After Default. 67
Section 11.5. Effect of Waiver. 68
Section 11.6. Evidence of Ownership of Bonds. 68
Section 11.7. No Acceleration. 69
Section 11.8. Mailing of Notice. 69
Section 11.9. Exclusion of Bonds. 69

ARTICLE XII GENERAL COVENANTS AND REPRESENTATIONS 69

Section 12.1. Representations as to Trust Estate. 69
Section 12.2. General. 70

ARTICLE XIII SPECIAL COVENANTS 70

Section 13.1. Further Assurances; Due Performance. 70
Section 13.2. Other Obligations or Other Liens; Refunding Bonds 70
Section 13.3. Books of Record. 71

ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THIS INDENTURE 71

Section 14.1. Trust Irrevocable. 71
Section 14.2. Satisfaction of Indenture. 71
Section 14.3. Bonds Deemed Paid. 71

ARTICLE XV MISCELLANEOUS 72

Section 15.1. Benefits of Indenture Limited to Parties. 72
Section 15.2. Successor is Deemed Included in All References to Predecessor. 72
Section 15.3. Execution of Documents and Proof of Ownership by Owners. 73
Section 15.4. No Waiver of Personal Liability. 73
Section 15.5. Notices to and Demands on City and Trustee. 73
Section 15.6. Partial Invalidity. 74
Section 15.7. Applicable Laws and Waiver of Trial by Jury 74
Section 15.8. Payment on Business Day. 74
Section 15.9. Counterparts 74
Section 15.10. Verification of Statutory Representations and Covenants 74

INDENTURE OF TRUST

THIS INDENTURE, dated as of August 1, 2026, is by and between the CITY OF MCLENDON-CHISHOLM, TEXAS (the "City"), and Wilmington Trust, National Association, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, on March 7, 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 "PID Act"), requesting the creation of a public improvement district located within the corporate limits of the City and in the extraterritorial jurisdiction of the City in which the District is located to be known as "Sonoma Verde North 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 Rockwall 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 March 25, 2025, the City Council of the City (the "City Council") adopted a resolution accepting the Petition and calling a public hearing (the "Creation Hearing") on (i) the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act and (ii) the creation of the District, to be held on April 22, 2025; and

WHEREAS, after due notice, on April 22, 2025 the City Council (i) opened, conducted and closed the Creation Hearing, (ii) made the findings required by Section 372.009(b) of the PID Act and (iii) adopted Resolution No. 2025-06 (the "Creation Resolution") authorizing the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on April 25, 2025, the City Secretary filed a copy of the Creation Resolution with the Rockwall County Clerk, as required by Section 372.010(b) of the PID Act; and

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

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the City published notice of a public hearing (the "Assessment Hearing") in a newspaper of general circulation in the City and in the extraterritorial jurisdiction of the City in which the District is located to consider the proposed "Assessment Rolls" and the "Service and Assessment Plan" and the levy of the "Assessments" on property in Zone A Improvement Area #1 and Zone B Improvement Area #1 and, pursuant to Section 372.016(c) of the PID Act, the City mailed notice of the Assessment Hearing to consider the proposed Assessment Rolls and the Service and Assessment Plan and the

levy of Assessments on property in Zone A Improvement Area #1 and Zone B Improvement Area #1 to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on July 14, 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 Assessment Rolls and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Zone A Improvement Area #1 Project Costs and Zone B Improvement Area #1 Project Costs, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the Zone A Improvement Area #1 Project Costs and Zone B Improvement Area #1 Project Costs, the Assessment Rolls, or the levy of the Assessments; and

WHEREAS, the City Council closed the Assessment Hearing and, after considering all written and documentary evidence presented at the Assessment Hearing, including all written comments and statements filed with the City, at a meeting held on July 14, 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 Assessment Rolls and levied the Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Zone A Improvement Area #1 Project Costs, (ii) paying a portion of the Zone B Improvement Area #1 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of Annual Collection Costs, and (iv) paying Bond Issuance Costs; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, with such bonds to be designated "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)" (the "Bonds"), such Bonds being payable as provided in this Indenture; and

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

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

IN ADDITION, 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 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 assets 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 assets 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" shall have the meaning given to such term in the Service and Assessment Plan.

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

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

"Administrative Fund" means that Fund established by Section 6.1 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" means 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 the Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and this Indenture, 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 Accounts), assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, collectively, the Zone A Improvement Area #1 Annual Installment and the Zone B Improvement Area #1 Annual Installment.

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

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

"Assessed Property" means, collectively, the Zone A Improvement Area #1 Assessed Property and the Zone B Improvement Area #1 Assessed Property.

"Assessment Ordinance" means the ordinance adopted by the City Council on July 14, 2026, as may be amended or supplemented, that levied the Assessments on the Assessed Property.

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

"Assessment Rolls" means, collectively, the Zone A Improvement Area #1 Assessment Roll and the Zone B Improvement Area #1 Assessment Roll.

"Assessments" means, collectively, the Zone A Improvement Area #1 Assessment and the Zone B Improvement Area #1 Assessment.

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

"Authorized Denomination" means $25,000 and any integral multiple of $1,000 in excess thereof. Except as authorized under Section 4.5 of this Indenture, the City prohibits any Bond to be issued in a denomination of less than $25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than $25,000, 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 of this Indenture and administered pursuant to Section 6.4 of this Indenture.

"Bond Issuance Costs" means the costs associated with issuing the Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, initial Trustee fee, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount (including the fee to underwriter's counsel), fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

"Bond Ordinance" means the ordinance adopted by the City Council on July 14, 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 September 16 in each year and ending on September 15 in the following year.

"Bonds" means the City's bonds authorized to be issued by Section 3.1 of this Indenture designated "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)" and, in the event the City issues Refunding Bonds pursuant to Section 13.2 of this Indenture, 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 Accounts" means, collectively, the Zone A Improvement Area #1 Capitalized Interest Account and the Zone B Improvement Area #1 Capitalized Interest Account.

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

"City Order" means written instructions by the City executed by a City Representative.

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

“Closing Disbursement Request” means the certificate, substantially in the form of Exhibit B to the Funding 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 and the costs of issuance of the Bonds.

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

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

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

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

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

"Delinquency and Prepayment Reserve Requirement" means an amount equal to [5.5%] 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 Assessed Property and the costs of collection of delinquent Assessments, delinquent 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 August 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 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 Pulte Homes of Texas, L.P., a Texas limited partnership, and any successors thereto.

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

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

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

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

"Funding Agreement" means the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement by and between the City and the Developer, dated July 14, 2026, as may be amended and/or supplemented from time to time, which provides, in part, for the construction and maintenance of the Zone A Improvement Area #1 Projects and Zone B Improvement Area #1 Projects, the issuance of the Bonds, the payment or reimbursement of costs of the Zone A Improvement Area #1 Projects and Zone B Improvement Area #1 Projects from the Project Fund, and other matters related thereto.

"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, 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 Bond(s) 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.

“Major Improvements” means those Authorized Improvements that confer a special benefit to the Zone A Remainder Apportioned Property and all of the Assessed Property, as further described in Section III.A and depicted on Exhibit H-1 to the Service and Assessment Plan.

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

"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 of this Indenture, (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 Rockwall 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 Rockwall 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.

"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 Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

"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.

"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 of this Indenture and administered pursuant to Section 6.5 of this Indenture.

"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", when used with respect to any Bond or portion thereof that has been called for redemption, means the principal amount of such Bond or portion thereof plus accrued and unpaid interest on such Bond to the date fixed for redemption.

"Refunding Bonds" means bonds issued to refund all or any portion of any Outstanding Bonds that are payable from and secured by a parity lien on the Trust Estate, and such Refunding Bonds and any Bonds that remain Outstanding following the issuance of such Refunding Bonds shall be equally and ratably secured by a parity lien on the Trust Estate in all respects, all as more specifically described in the 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 the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of calculation, (ii) 125% of average Annual Debt Service on the Bonds as of the date of calculation, and (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the proceeds of the Bonds; provided, however, that, at the option of the City, such amount may be recalculated on any Interest Payment Date or any date of redemption, and the City shall provide a City Order to the Trustee with the applicable Reserve Account Requirement. 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.

"Service and Assessment Plan" means the Sonoma Verde North Public Improvement District Service and Assessment Plan, which is attached to the Assessment Ordinance, as may be updated, amended or 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 the form of Bond included in Section 5.2 of this Indenture.

"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) of this Indenture.

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

"Trustee" means Wilmington Trust, National Association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX of this Indenture, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

"Value of Investment Securities" means the lower of the cost of or the market value of Investment Securities. The Trustee retains the ability and may rely upon the City's financial advisor to provide a determination as to the foregoing.

"Zone A" means approximately 279.757 acres located within the District, as more specifically described on Exhibit K-2 and depicted on Exhibit A-2 to the Service and Assessment Plan.

"Zone A 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-3 to the Service and Assessment Plan and as specifically described in Exhibit K-3 to the Service and Assessment Plan.

"Zone A Improvement Area #1 Annual Installment" means, with respect to each Zone A Improvement Area #1 Assessed Property, each annual payment of: (i) the principal amount of the Zone A Improvement Area #1 Assessment, (ii) the interest associated with the Zone A Improvement Area #1 Assessment, each as shown on the Zone A 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, (iii) Annual Collection Costs related to Zone A Improvement Area #1 and (iv) Zone A Improvement Area #1's portion of the Additional Interest.

"Zone A Improvement Area #1 Assessed Property" means any Parcel within Zone A Improvement Area #1 against which a Zone A Improvement Area #1 Assessment is levied.

"Zone A Improvement Area #1 Assessment" means an assessment levied against Zone A Improvement Area #1 Assessed Property to pay the Actual Costs of the Zone A Improvement Area #1 Authorized Improvements.

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

"Zone A Improvement Area #1 Authorized Improvements" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1; (2) the pro rata portion of the Zone A Improvements allocable to Zone A Improvement Area #1; (3) the Zone A Improvement Area #1 Improvements; (4) Zone A Improvement Area #1's allocable share of the first year's Annual Collection Costs related to the Bonds; and (5) Zone A Improvement Area #1's allocable share of the Bond Issuance Costs incurred in connection with the issuance of the Bonds.

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

"Zone A Improvement Area #1 Capitalized Interest Account" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"Zone A Improvement Area #1 Improvements" means the Authorized Improvements which only benefit the property located in Zone A Improvement Area #1 and are described in Section III.C. and Exhibit H-3 to the Service and Assessment Plan.

"Zone A Improvement Area #1 Project Costs" means the Actual Costs solely for the Zone A Improvement Area #1 Projects.

"Zone A Improvement Area #1 Projects" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1, (2) the pro rata portion of the Zone A Improvements allocable to Zone A Improvement Area #1 and (3) the Zone A Improvement Area #1 Improvements.

“Zone A Improvements” means those Authorized Improvements that confer a special benefit to the Zone A Remainder Area Apportioned Property and the Zone A Improvement Area #1 Assessed Property as further described in Section III.B and depicted on Exhibit H-2 to the Service and Assessment Plan.

“Zone A Remainder Area” means approximately 105.939 acres located within the Zone A and entirely outside of Zone A Improvement Area #1, to be developed as one or more future improvement areas.

“Zone A Remainder Area Apportioned Property” means any Parcel within the Zone A Remainder Area against which a portion of the Actual Costs of the Zone A Improvements and Major Improvements are apportioned based on special conferred benefit.

"Zone B 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-4 to the Service and Assessment Plan and as specifically described in Exhibit K-4 to the Service and Assessment Plan.

"Zone B Improvement Area #1 Annual Installment" means, with respect to each Zone B Improvement Area #1 Assessed Property, each annual payment of: (i) the principal amount of the Zone B Improvement Area #1 Assessment, (ii) the interest associated with the Zone B Improvement Area #1 Assessment, each as shown on the Zone B Improvement Area #1 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (iii) Annual Collection Costs related to Zone B Improvement Area #1 and (iv) Zone B Improvement Area #1's portion of the Additional Interest.

"Zone B Improvement Area #1 Assessed Property" means any Parcel within Zone B Improvement Area #1 against which a Zone B Improvement Area #1 Assessment is levied.

"Zone B Improvement Area #1 Assessment" means an assessment levied against Zone B Improvement Area #1 Assessed Property to pay the Actual Costs of the Zone B Improvement Area #1 Authorized Improvements.

"Zone B Improvement Area #1 Assessment Roll" means the "Zone B Improvement Area #1 Assessment Roll", as defined in the Service and Assessment Plan, which document is included in the Service and Assessment Plan as Exhibit G-1, as updated, modified or amended from time to time.

"Zone B Improvement Area #1 Authorized Improvements" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1; (2) the Zone B Improvement Area #1 Improvements; (3) Zone B Improvement Area #1’s allocable share of the first year’s Annual Collection Costs related to the Bonds; and (4) Zone B Improvement Area #1’s allocable share of the Bond Issuance Costs incurred in connection with the issuance of the Bonds.

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

"Zone B Improvement Area #1 Capitalized Interest Account" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"Zone B Improvement Area #1 Improvements" means the Authorized Improvements which only benefit the property located in Zone B Improvement Area #1 and are described in Section III.D. and Exhibit H-3 to the Service and Assessment Plan.

"Zone B Improvement Area #1 Project Costs" means the Actual Costs solely for the Zone B Improvement Area #1 Projects.

"Zone B Improvement Area #1 Projects" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1 and (2) the Zone B Improvement Area #1 Improvements.

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

(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 lien on and 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 a first lien on, security interest in, and pledge of 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 purpose of (i) paying a portion of the Zone A Improvement Area #1 Project Costs, (ii) paying a portion of the Zone B Improvement Area #1 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of Annual Collection Costs, and (iv) paying Bond Issuance Costs.

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

(a) The Bonds shall be dated August 1, 2026, 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
***	***	***
***	***	***

(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 hereof, 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 hereof.

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 (which delivery may be via electronic mail in portable document (PDF) or similar format) 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 Funding Agreement with all executed amendments thereto;

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

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

(f) an executed Signature Identification, No-Litigation and General Certificate of the City;

(g) an executed opinion of Bond Counsel;

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

(i) copies of the continuing disclosure agreements relating to the Bonds entered into with the Developer and the City, respectively.

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 absence of the Mayor, 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, executed by the Comptroller in the manner prescribed by law, 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 absence of the Mayor, the Mayor Pro Tem) and the City Secretary, approved by the Attorney General, and registered and signed by the Comptroller in the manner prescribed by law, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. **Ownership.**

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the 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 3.7. **Registration, Transfer and Exchange.**

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds 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 where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond called for redemption in part.

Section 3.8. **Cancellation.**

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. 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 the written direction of the City.

Section 3.9. **Temporary Bonds.**

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's written 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 3.10. **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, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

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

Section 3.11. **Book-Entry-Only System.**

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the 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 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 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 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 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 Owner at the close of business on the Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the blanket 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 3.13. **Payments to Cede & Co.**

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of 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 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__*	

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 sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select for redemption randomly by lot a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 hereof.

(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 forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions in Section 4.3 hereof or the extraordinary optional redemption provisions in Section 4.4 hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. **Optional Redemption.**

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

Section 4.4. **Extraordinary Optional Redemption.**

In the event of a Prepayment, or if any other transfers are made into the Redemption Fund under the terms of this Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates or optional redemption date specified in Section 4.3 hereof, in whole or in part, on any date, from amounts on deposit in the Redemption Fund, at the Redemption Price.

Section 4.5. **Partial Redemption.**

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

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

(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 receipt of a City Order of redemption provided by the City to the Trustee not less than thirty-five (35) days prior to the date fixed for redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(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 of the Outstanding Bonds are to be redeemed, and subject to Section 4.5 of this Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bonds 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 of this 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 and deposited with the Trustee by 10:00 a.m. Central Standard Time 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 receipt of a City Order of such rescission 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 MCLENDON-CHISHOLM, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND
ZONE B IMPROVEMENT AREA #1 PROJECTS)

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP NUMBER
_____%	September 15, 20__	August 12, 2026	_____

The City of McLendon-Chisholm, 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 Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the "Trustee"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond 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 August 1, 2026, and issued in the aggregate principal amount of $_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of August 1, 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 Zone A Improvement Area #1 Project Costs, (ii) paying a portion of the Zone B Improvement Area #1 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of Annual Collection Costs, and (iv) paying Bond Issuance Costs.

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. 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 Trust Estate.

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

The Bonds are issuable as fully registered bonds only in denominations of $25,000 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 $25,000, and any attempt to do so will be void and of no effect. Notwithstanding the foregoing, (A) if necessary to effectuate or as a result of the partial redemption of any Bond, a Bond in the principal amount equal to the unredeemed portion, but not less than $1,000 may be authorized, or (B) the Bonds or any portion thereof is defeased, the Bonds or portion thereof defeased may be authorized in denominations of $1,000 or any integral multiple thereof.

The Bonds maturing on September 15 in each of the years 20__, 20__ and 20__ (collectively, "Term Bonds"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption (the "Redemption Price") from moneys available for such purpose in the Principal and Interest Account pursuant to Article VI of the Indenture, on the dates and in the 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__*	

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 randomly by lot a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of 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 ("Optional Redemption").

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 ("Extraordinary Optional Redemption").

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

If less than all of the Bonds are called for Optional Redemption, the Trustee shall rely on directions provided in a City Order 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.

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 thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any 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 and deposited with the Trustee by 10:00 a.m. Central Standard Time 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 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 Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond called for redemption in part.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, ROCKWALL 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 has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the City (or in the Mayor's absence, by the Mayor Pro Tem) and countersigned with the manual or facsimile signature of the City Secretary of the City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Bond.

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 _____.

_____
Acting Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

_____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by:

_____ _____

_____

Authorized Signatory

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

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

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

(ii) the Initial Bond shall be numbered T-1; and

(iii) 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
***	***	***
***	***	***

"

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 $25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than $25,000, 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. Notwithstanding the foregoing, (A) if necessary to effectuate or as a result of the partial redemption of any Bond, a Bond in the principal amount equal to the unredeemed portion, but not less than $1,000 may be authorized, or (B) the Bonds or any portion thereof is defeased, the Bonds or portion thereof defeased may be authorized in denominations of $1,000 or any integral multiple thereof, and CUSIP numbers may be assigned to such denominations in each of the foregoing instances.

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) Zone A Improvement Area #1 Capitalized Interest Account;

(B) Zone B Improvement Area #1 Capitalized Interest Account; and

(C) Principal and Interest Account.

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

(A) Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

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

(A) Zone A Improvement Area #1 Bond Improvement Account;

(B) Zone B Improvement Area #1 Bond Improvement Account; and

(C) 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.

(e) The Trustee may, from time to time, upon written direction from the City pursuant to a City Order, create additional Funds or Accounts hereunder as may be necessary or convenient.

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 Zone A Improvement Area #1 Capitalized Interest Account: $_____;

(ii) to the Zone B Improvement Area #1 Capitalized Interest Account: $_____;

(iii) to the Reserve Account: $_____, which is equal to the initial Reserve Account Requirement;

(iv) to the Costs of Issuance Account: $_____;

(v) to the Zone A Improvement Area #1 Bond Improvement Account: $_____;

(vi) to the Zone B Improvement Area #1 Bond Improvement Account: $_____; and

(vii) to the Administrative Fund: $_____.

Section 6.3. **Pledged Revenue Fund.**

(a) Upon receipt thereof, and no later than February 15 of each year, beginning February 15, 2027, the City shall transfer, or cause to be transferred, to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with Section 6.9 hereof. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee, the following amounts from the Pledged Revenue Fund to the following Accounts: (i) first, to the Bond Pledged Revenue Account, an amount sufficient to pay all debt service on the Bonds coming due in the immediately following Bond Year, and (ii) second, if necessary, to the Reserve Account, the amount required 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, and prior to any other transfers or deposits being made

under this Section 6.3(a), the Additional Interest shall be transferred to the Funds and Accounts as prescribed by Sections 6.7(a) and 6.7(f) hereof. In addition, in the event the City owes Rebatable Arbitrage to the United States Government pursuant to Section 6.8 hereof, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.3(a), the full amount of Rebatable Arbitrage owed by the City, as further described in Section 6.10(f) hereof. If any Assessments and Annual Installments 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 Assessments and Annual Installments for any one or more of the following purposes: (i) pay Zone A Improvement Area #1 Project Costs, (ii) pay Zone B Improvement Area #1 Project Costs, (iii) pay other costs permitted by the PID Act or (iv) deposit such excess into the Redemption Fund to redeem Bonds as provided in Article IV hereof. 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, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Accounts 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 in the same manner described in Section 11.4(a) herein.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit, within two Business Days after receipt thereof, Prepayments to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 of this Indenture.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit, within two Business Days after receipt thereof, the Foreclosure Proceeds into the Pledged Revenue Fund and after such deposit shall transfer such Foreclosure Proceeds, as directed by the City pursuant to a City Order, first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular 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 of this Indenture.

(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 Order.

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 Accounts 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) Moneys in the Zone A Improvement Area #1 Capitalized Interest Account shall be used for the payment of all interest due on the Bonds with respect to the Zone A Improvement Area #1 Assessment on September 15, 2026, March 15, 2027 and September 15, 2027 and at least five (5) Business Days prior to the Interest Payment Date specified above, the Trustee shall transfer such amounts to the Principal and Interest Account to pay such interest. Any amounts on deposit to the Zone A Improvement Area #1 Capitalized Interest Account after the foregoing payment shall be transferred to the Zone A Improvement Area #1 Bond Improvement Account or, if the Zone A Improvement Area #1 Bond Improvement Account has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 and the Zone A Improvement Area #1 Capitalized Interest Account shall be closed.

(d) Moneys in the Zone B Improvement Area #1 Capitalized Interest Account shall be used for the payment of all interest due on the Bonds with respect to the Zone B Improvement Area #1 Assessment on September 15, 2026, March 15, 2027 and September 15, 2027 and at least five (5) Business Days prior to the Interest Payment Date specified above, the Trustee shall transfer such amounts to the Principal and Interest Account to pay such interest. Any amounts on deposit to the Zone B Improvement Area #1 Capitalized Interest Account after the foregoing payment shall be transferred to the Zone B Improvement Area #1 Bond Improvement Account or, if the Zone B Improvement Area #1 Bond Improvement Account has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 and the Zone B Improvement Area #1 Capitalized Interest Account shall be closed.

(e) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 of this Indenture, 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.

Section 6.5. **Project Fund.**

(a) Money on deposit in the Project Fund shall be used for the purposes specified in clauses (i), (ii) and (iv) (excluding the portion of the Bond Issuance Costs deposited into the

Capitalized Interest Accounts and the Reserve Account) of Section 3.1 of this Indenture. Except as provided in Section 6.5(c), (d), (f) and (g), money on deposit in (1) the Zone A Improvement Area #1 Bond Improvement Account shall only be used to pay Zone A Improvement Area #1 Project Costs and (2) the Zone B Improvement Area #1 Bond Improvement Account shall only be used to pay Zone B Improvement Area #1 Project Costs.

(b) (1) Disbursements from the Costs of Issuance Account shall be made by the Trustee to pay specified portions of the Bond Issuance Costs pursuant to one or more City Orders. In order to receive disbursement of funds on the Delivery Date from (i) the Costs of Issuance Account, 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, (ii) the Zone A Improvement Area #1 Bond Improvement Account for Zone A Improvement Area #1 Project Costs, the Developer shall execute a Certificate for Payment to be delivered to the City no later than fifteen (15) Business Days prior to the Delivery Date, and (iii) the Zone B Improvement Area #1 Bond Improvement Account for Zone B Improvement Area #1 Project Costs, the Developer shall execute a Certificate 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 and/or Certificate for Payment, together with a City Order directing such disbursement, to the Trustee for disbursement to be made from the Costs of Issuance Account, the Zone A Improvement Area #1 Bond Improvement Account or the Zone B Improvement Area #1 Bond Improvement Account, as applicable.

(2) Disbursements from (i) the Zone A Improvement Area #1 Bond Improvement Account to pay Zone A Improvement Area #1 Project Costs and (ii) the Zone B Improvement Area #1 Bond Improvement Account to pay Zone B Improvement Area #1 Project Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment or City Order. Each such City Order and/or Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such City Order and/or Certificate for Payment, and the Trustee may conclusively 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) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Zone A Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Zone A Improvement Area #1 Bond Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Zone A Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone A Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Zone A Improvement Area #1 Bond Improvement Account, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Zone A Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Zone A Improvement Area #1 Bond Improvement Account. In such City Order, the City Representative shall direct the Trustee to transfer such amounts to (i) the Bond Fund and/or (ii) the Redemption Fund, and such City Order shall also specify the amounts to be deposited into each such Fund or Account. Upon such transfers, the Zone A Improvement Area #1 Bond Improvement Account shall be closed.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Zone B Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Zone B Improvement Area #1 Bond Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Zone B Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone B Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Zone B Improvement Area #1 Bond Improvement Account, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Zone B Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Zone B Improvement Area #1 Bond Improvement Account. In such City Order, the City Representative shall direct the Trustee to transfer such amounts to (i) the Bond Fund and/or (ii) the Redemption Fund, and such City Order shall also specify the amounts to be deposited into each such Fund or Account. Upon such transfers, the Zone B Improvement Area #1 Bond Improvement Account 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) In the event the City Representative files a City Order with the Trustee stating that all Zone A Improvement Area #1 Projects have been completed and that all Zone A Improvement Area #1 Project Costs have been paid, or that any Zone A Improvement Area #1 Project Costs are not required to be paid from the Zone A Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining in the Zone A Improvement Area #1 Bond Improvement Account to (i) the Bond Fund and/or (ii) the Redemption Fund, as directed by the City Representative in such City Order; provided, however, that the City Representative shall not file a City Order pursuant to this Section if the Developer has submitted a Certificate for Payment to the City requesting payment from the Zone A Improvement Area #1 Bond Improvement Account and the City has not yet completed its review of such Certificate for Payment or amounts under a Certificate for Payment are still in dispute. Upon such transfers, the Zone A Improvement Area #1 Bond Improvement Account shall be closed.

(g) In the event the City Representative files a City Order with the Trustee stating that all Zone B Improvement Area #1 Projects have been completed and that all Zone B Improvement Area #1 Project Costs have been paid, or that any Zone B Improvement Area #1 Project Costs are not required to be paid from the Zone B Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining in the Zone B Improvement Area #1 Bond Improvement Account to (i) the Bond Fund and/or (ii) the Redemption Fund, as directed by the City Representative in such City Order; provided, however, that the City Representative shall not file a City Order pursuant to this Section if the Developer has submitted a Certificate for Payment to the City requesting payment from the Zone B Improvement Area #1 Bond Improvement Account and the City has not yet completed its review of such Certificate for Payment or amounts under a Certificate for Payment are still in dispute. Upon such transfers, the Zone B Improvement Area #1 Bond Improvement Account shall be closed.

(h) Upon a determination by the City Representative that all Bond Issuance Costs have been paid, and as directed in a City Order filed with the Trustee, any amounts remaining in

the Costs of Issuance Account shall be transferred to (i) the Zone A Improvement Area #1 Bond Improvement Account and used to pay Zone A Improvement Area #1 Project Costs and/or (ii) the Zone B Improvement Area #1 Bond Improvement Account and used to pay Zone B Improvement Area #1 Project Costs or, if no Zone A Improvement Area #1 Project Costs or Zone B Improvement Area #1 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, and the Costs of Issuance Account shall be closed.

Section 6.6. **Redemption Fund.**

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, pursuant to a City Order, 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 hereof on the dates specified for redemption as provided in Sections 4.3 and 4.4 hereof. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV hereof.

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. Amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purposes set forth in this Indenture. In addition, on or before February 15, 2027, and on or before February 15 of each year thereafter, the Trustee shall transfer the Additional Interest from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. At the time the Delinquency and Prepayment Reserve Requirement is fully accumulated in the Delinquency and Prepayment Reserve Account, the Trustee shall provide written notice thereof to the City, and thereafter, the Trustee shall begin transferring the Additional Interest to either (i) the Administrative Fund for the payment of Annual Collection Costs or (ii) the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 hereof, as directed by the City pursuant to a City Order. In the event the Trustee does not receive a City Order directing the transfer of the Additional Interest to the Administrative Fund within forty-five (45) days of providing the foregoing notice to the City, the Trustee shall transfer the Additional Interest to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof and provide the City with written notification of such transfer. Notwithstanding the foregoing, if at any time the amount on deposit in the Delinquency and Prepayment Reserve Account falls below 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 therein. In transferring the amounts pursuant to this Section, the Trustee may conclusively rely on a City Order (which shall be based on the Annual Installments as shown on the Assessment Rolls in the Service and Assessment Plan) unless and until it receives a City Order directing that a different amount be used. The Additional Interest shall continue to be collected and deposited 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 resulting from funds being deposited into the Redemption Fund pursuant to any provision of this Indenture, the Trustee, pursuant to a City Order, shall transfer from the Reserve Account to the Redemption Fund the amount specified in such written 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 divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the funds on deposit in the Redemption Fund 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 pursuant to this Section 6.7(c), 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 as directed by a City Order, 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 hereof, unless within thirty (30) days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due 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 Zone A Improvement Area #1 Bond Improvement Account to pay Zone A Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three (3) years of the Delivery Date, (iv) to the Zone B Improvement Area #1 Bond Improvement Account to pay Zone B Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three (3) years of the Delivery Date or (v) to the Redemption Fund to be applied to the redemption of Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date as directed by a City Order, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 hereof. In the event the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within forty-five (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 and second from the Reserve Account to the Bond Fund the amounts necessary to cure such deficiency. In such event, notwithstanding anything to the contrary in Section 6.7(a) above, the Additional Interest shall be used to replenish first, the Reserve Account and second, the Delinquency and Prepayment Reserve Account.

(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 interest due on all Outstanding Bonds on the next Interest Payment Date or date on which the Bonds may be optionally redeemed by the City at the Redemption Price, 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 Tax Certificate, as further set forth in a City Order sent to the Trustee. The Trustee may conclusively rely on such City Order 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 City Order 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 contained in the City Order and shall not be required to take any action under this Section in the absence of instructions from the City.

(d) The first calculation to determine whether Rebatable Arbitrage is owed to the United States Government (each, a "Rebate Calculation") will be done on the date that is five years from the Delivery Date, and each subsequent Rebate Calculation will be done, at a

minimum, (i) on the same date every five years thereafter and (ii) on the date the Bonds have been paid in full, either as a result of maturity or prior redemption. The City shall provide the Trustee with a City Order in connection with each Rebate Calculation made pursuant to this Section, and each City Order shall include a copy of the Rebate Calculation and shall state whether or not the City owes Rebatable Arbitrage to the United States Government.

(e) In the event it is found, after a Rebate Calculation has been done pursuant to this Section, that the City owes Rebatable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatable Arbitrage owed by the City. Such City Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the funds shall be transferred. If the final Rebate Calculation shows that the City owes Rebatable Arbitrage to the United States Government, and there are insufficient funds in the Pledged Funds to pay such Rebatable Arbitrage, the Trustee shall notify the City of such insufficiency, and the City shall transfer to the Trustee an amount equal to such insufficiency for deposit into the Rebate Fund within five (5) Business Days of receiving notice from the Trustee.

(f) If, on any date a Rebate Calculation is done, the amount on deposit in the Rebate Fund exceeds the amount of the Rebatable Arbitrage, the City may direct the Trustee, pursuant to a City Order, to transfer the amount in excess of the Rebatable Arbitrage to the Bond Fund.

Section 6.9. **Administrative Fund.**

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

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs, or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with Section 9.6. 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 Order filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively

rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the requirements set forth in the preceding sentences and the Trustee shall not be responsible for determining such requirements. 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, the Trustee is hereby authorized and directed to sell or redeem any such investments to prevent any default under this Indenture. In the absence of written or timely investment instructions from the City, the Trustee shall hold such monies uninvested until the Trustee is otherwise directed pursuant to a City Order.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and the earnings or loss become part of the applicable 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 pursuant to a City Order.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may charge its ordinary and customary fees for such trades. The Trustee shall have no discretion for investing funds or advising any parties on investment of funds and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Order. The Trustee shall not incur any liability for losses (including depreciation) arising from any investments or the sale of any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments 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 a Rebate 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 Order, 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 Order 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 Assessments.**

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

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

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

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

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

required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding particular Assessed Property.

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

Section 7.3. **Against Encumbrances.**

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, 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, 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, the City will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times, but not the responsibility or duty, to inspect the project and all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

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 five (5) years or less or, in the case of refunding bonds, for a period of ninety (90) 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 ninety (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 sixty (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; and

(10) 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 hereof for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "Treasury Regulations"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager, the Finance Director and the City Secretary individually or jointly, 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 Zone A Improvement Area #1 Project Costs and Zone B Improvement Area #1 Project Costs on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Zone A Improvement Area #1 Projects and Zone B Improvement Area #1 Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City

agrees to obtain the advice of nationally recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation unless the City obtains an opinion of nationally recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

LIABILITY OF CITY

Section 8.1. **Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and, except for the Trust Estate, no City taxes, fees 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 Pledged Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

(e) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond 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 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 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.

(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 spend its own funds, institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction (satisfactory to the Trustee in its sole and absolute discretion) by the Owners against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to deliver any notice when required hereunder. During the occurrence of an Event of Default, the Trustee shall be entitled to indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, and in such case the Trustee may make transfers from the 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 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 (including depreciation) in accordance with this Indenture; or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the City or pursuant to this Indenture.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically and expressly set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee is not responsible for the terms or any agreement to which it is not a party and is not responsible for determining compliance with the terms of any document to which it is not a party. Neither the Trustee, nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of any other person or entity or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. In any event, the Trustee shall not be liable for any amount in excess of the value of the Trust Estate.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages or expense which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential loss or damages of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action in connection with or arising from this Indenture. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Owners of not less than a majority in principal amount of the Bonds 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 action taken or errors of judgment made in good faith by it or any one of its officers, employees or agents, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, and the discharge of this Indenture.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through receivers, agents or attorneys and the Trustee shall not be responsible for any acts or omissions on the part of any receiver, agent or attorney appointed with due care and in good faith by it hereunder, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel selected by the Trustee with due care, who

may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be liable for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(g) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City pursuant to any provision of this Indenture.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default under Section 11.1(iv), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of at least 50% in aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default. Notwithstanding the foregoing or anything to the contrary contained herein, no notice to the Trustee shall be deemed given to or received by the Trustee unless actually delivered to the officer or representative of the Trustee having responsibility under this Indenture.

(j) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, it being understood that Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

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, at the expense of the City, may request and conclusively rely and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report, order, judgment, notice, request, consent, waiver, certificate, statement, affidavit, requisition, direction, bond, debenture, note, other evidence of indebtedness or other paper or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant that the Trustee shall in good faith reasonably believe to be qualified in relation to the subject matter or is selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3, the Trustee may, at the expense of the City, consult with counsel selected by the Trustee with due care, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, the Trustee may request a City Order, and such matter may be deemed to be conclusively proved and established by a City Order, unless other evidence in respect thereof be hereby specifically prescribed. Such City Order shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative. The Trustee shall be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Order shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

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

(d) In the event that any portion of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel, selected by the Trustee with due care, is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties or to any other person, firm or

corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 9.6. **Compensation**.

(a) Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, the previously determined and agreed upon, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar and extraordinary services rendered, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, all pursuant to a City Order and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Order, and the Trustee shall have a first lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Trustee has reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee shall make such payment from monies in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from lawfully available funds (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The right of the Trustee to fees, expense, and indemnification shall survive the release, discharge, and satisfaction of the Indenture, and the resignation or removal of the Trustee.

(b) If any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall be compensated for any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event, unless any such events are the result of the Trustee's negligence or willful misconduct.

Section 9.7. **Permitted Acts**.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds 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, with respect to such permissive rights, the Trustee shall not be answerable for other than its own negligence or willful misconduct.

Section 9.8. **Resignation of Trustee**.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' notice, specifying the date when such

resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor. Notwithstanding the foregoing, if, after thirty (30) 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, and such resignation shall take effect upon the court's appointment of a successor Trustee.

Section 9.9. **Removal of Trustee**.

The Trustee may be removed at any time on thirty (30) days' advance written notice to the Trustee by (i) the Owners of at least a majority in aggregate Outstanding principal amount of the Bonds 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 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.

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds 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 to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

(g) Trustee shall not be responsible or liable for the acts or omissions of any successor Trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor Trustee.

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

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

Section 9.12. **Merger, Conversion or Consolidation of Trustee**.

Any corporation or association into which the Trustee may be converted or merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder and will have and succeed to the rights, powers, duties, immunities and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. **Trustee To File Continuation Statements**.

The City will cause to be filed all initial financing statements. If necessary, the Trustee, as directed in writing by the City, 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 in writing by the City, the Trustee may conclusively rely upon the initial financing statements delivered to it in filing any continuation statements hereunder. The Trustee is not responsible for the initial filing, execution, delivery, recording or authorization of any financing statements.

Section 9.14 **Offering Documents**.

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 shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.15 **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 9.16. **Construction of Indenture**.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE 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 not less than a majority in aggregate of the principal amount of the Bonds then Outstanding, and the City's 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 interest 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, immunities or obligations of the Trustee without its prior 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 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, 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, 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 in writing 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. All fees, costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with any Supplemental Indenture, amendment or modification shall be reimbursed to the Trustee.

(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 thereof 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, 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 to the Pledged Revenue Fund the portion of the Assessment Revenues required to be deposited to such Fund pursuant to Section 6.3(a) hereof;

(ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2 hereof;

(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 a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; 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 or Event of Default under this Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Section 11.2. **Immediate Remedies for Default.**

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and

upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding hereunder and its receipt of indemnity satisfactory to it 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. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(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 Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. 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, (ii) such default has become an Event of

Default and the Owners of not less than a majority 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 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, 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, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

> 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 not later than thirty (30) days after 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.**

Full compliance with any provision in this Article for the mailing of a notice or other document to Owners shall be deemed to have occurred if the notice 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 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 reasonable 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 to issue obligations under other indentures, assessment ordinances, or other agreements which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues. The City shall not have the right to issue any bonds, notes or other obligations secured in whole or in part by liens on the Trust Estate that are senior to the lien on the Trust Estate securing payment of the Bonds.

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

(c) Notwithstanding anything herein to the contrary, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds are scheduled to mature or be subject to mandatory sinking fund redemption on September 15 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

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 THIS 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 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 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, or email, and addressed as follows:

If to the City	City of McLendon-Chisholm, Texas 1371 West FM 550 McLendon-Chisholm, Texas 75032 Attn: City Manager Telephone: (972) 524-2077 Email: citymanager@mclendon-chisholm.com
If to the Trustee, initially also acting in the capacity of Paying Agent/Registrar	Wilmington Trust, National Association 15950 N. Dallas Pkwy, Ste. 200 Dallas, Texas 75248 Attn: Brian Jensen Telephone: (972) 876-6902 Email: bjensen@wilmingtontrust.com

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Owner of a Bond 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, excluding its conflict of laws rules to the extent such rules would apply the law of another jurisdiction. Venue and exclusive jurisdiction for any action to enforce or construe this Indenture shall be a state court of competent jurisdiction in Rockwall County, Texas.

Section 15.8. **Payment on Business Day.**

In any case where the date of the maturity of interest or principal 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 or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. **Counterparts.**

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. **Verification of Statutory Representations and Covenants.**

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that

controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

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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 MCLENDON-CHISHOLM, TEXAS

By: _____
Mayor
City of McLendon-Chisholm, Texas

Attest:

_____
City Secretary
City of McLendon-Chisholm, Texas

(City Seal)

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Sonoma Verde North Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN

JULY 14, 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 12
Section III: Authorized Improvements 12
Section IV: Service Plan 16
Section V: Assessment Plan 17
Section VI: Terms of the Assessments 22
Section VII: Assessment Roll 28
Section VIII: Additional Provisions 29
Exhibits 31
Appendices 32
Exhibit A-1 – Map of the District 33
Exhibit A-2 – Map of Zone A 34
Exhibit A-3 – Map of Zone A Improvement Area #1 35
Exhibit A-4 – Map of Zone B Improvement Area #1 36
Exhibit A-5 – Zone A Improvement Area #1 Lot Type Classification Map 37
Exhibit A-6 – Zone B Improvement Area #1 Lot Type Classification Map 38
Exhibit B-1 – Project Costs 39
Exhibit B-2 – Apportionment of Costs 40
Exhibit C – Service Plan 41
Exhibit D – Sources and Uses of Funds 42
Exhibit E – Maximum Assessment and Tax Rate Equivalent 43
Exhibit F-1 – Zone A Improvement Area #1 Assessment Roll 44
Exhibit F-2 – Zone A Improvement Area #1 Annual Installments 45
Exhibit G-1 – Zone B Improvement Area #1 Assessment Roll 46
Exhibit G-2 – Zone B Improvement Area #1 Annual Installments 47
Exhibit H-1 – Maps of Major Improvements 48
Exhibit H-2 – Maps of Zone A Improvements 54

Exhibit H-3 – Maps of Zone A Improvement Area #1 Improvements and Zone B Improvement Area #1 Improvements 59
Exhibit I – Form of Notice of Assessment Termination 64
Exhibit J-1 – Debt Service Schedule for Series 2026 Bonds 67
Exhibit K-1 – District Legal Description 68
Exhibit K-2 – Zone A Legal Description 70
Exhibit K-3 – Zone A Improvement Area #1 Legal Description 72
Exhibit K-4 – Zone B Improvement Area #1 Legal Description 76
Appendix A – Engineer's Report 78
Appendix B – Buyer Disclosures 110

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section," an "Exhibit," or an "Appendix" shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On April 22, 2025, the City Council passed and approved Resolution No. 2025-06 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 314.7 acres located partially within the corporate limits of the City and partially within the extraterritorial jurisdiction 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 Zone A Improvement Area #1 Assessment Roll is included as **Exhibit F-1**, and the Zone B Improvement Area #1 Assessment Roll is included as **Exhibit G-1.**

SECTION I: DEFINITIONS

"2026 Assessment Ordinance" means the Ordinance No. _____ approved and adopted by the City Council on July 14, 2026, which levied the Zone A Improvement Area #1 Assessment against Zone A Improvement Area #1 Assessed Property, levied the Zone B Improvement Area #1 Assessment against Zone B 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 and including, without limitation, any such costs initially paid or incurred by or on behalf of a land banker for the Developer), 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, 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.

"Apportioned Property" means any Parcel within the District against which the costs of the Authorized Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied, but not yet levied.

"Apportionment of Costs" means an amount allocated by this Service and Assessment Plan to a Parcel within the District for future Authorized Improvement costs subject to a future levy of Assessments by the City and also subject to reallocation or reduction according to the provisions herein and in the PID Act.

"Assessed Property" means any Parcel within the District against which an Assessment is levied.

"Assessment" means an assessment levied against a Parcel of 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 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 Zone A Improvement Area #1 Assessment Roll and the Zone B 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 Update. The Zone A Improvement Area #1 Assessment Roll and Zone B Improvement Area #1 Assessment Roll are included in this Service and Assessment Plan as **Exhibit F-1** and **Exhibit G-1**, respectively.

"Authorized Improvements" means the costs and improvements authorized by Section 372.003 of the PID Act, and described in **Section III,** as further depicted on **Exhibit H-1, Exhibit H-2,** and **Exhibit H-3.**

"Bond Issuance Costs" means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, initial trustee fee, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount (including the fee to underwriter's counsel), fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

"City" means the City of McLendon-Chisholm, Texas.

"**City Council**" means the governing body of the City.

"County" means Rockwall 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 Pulte Homes of Texas, L.P. and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

"District" means the Sonoma Verde North Public Improvement District containing approximately 314.7 acres currently located partially within the corporate limits and partially within the extraterritorial jurisdiction of the City, and more specifically described in **Exhibit K-1** and depicted on **Exhibit A-1**. Annexation will occur on a phase-by-phase basis following levy of Assessments for the applicable phase and the issuance of PID Bonds to finance the Authorized Improvements serving that phase.

"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.**

"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 Zone A Improvement Area #1 generally marketed to homebuilders as a 50' lot. The buyer disclosure for Lot Type 1 is attached as **Appendix B.**

"Lot Type 2" means a Lot Type within Zone A Improvement Area #1 generally marketed to homebuilders as a 65' lot. The buyer disclosure for Lot Type 2 is attached as **Appendix B.**

"Lot Type 3" means a Lot Type within Zone B Improvement Area #1 generally marketed to homebuilders as a 60' lot. The buyer disclosure for Lot Type 3 is attached as **Appendix B.**

"Major Improvements" means those Authorized Improvements that confer a special benefit to the Zone A Remainder Area Apportioned Property and all of the Assessed Property within the District, as further described in **Section III.A** and depicted on **Exhibit H-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-Benefited Property" means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

"Notice of Assessment Termination" means a document that shall be recorded in the official public records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I.**

"Parcel" or **"Parcels"** means a specific property within the District identified by either a tax parcel identification number assigned by the Rockwall 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 improvements required to be constructed, or caused to be constructed, by the Developer that are not Authorized Improvements. Costs of the Private Improvements will not be paid nor reimbursed from the proceeds of PID Bonds or otherwise from revenues received from the collection of Annual Installments.

"Series 2026 Bonds" means those certain "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone

A Improvement Area #1 and Zone B Improvement Area #1 Projects)" that are secured by Zone A Improvement Area #1 Assessments and Zone B Improvement Area #1 Assessments.

"Service and Assessment Plan" means this Sonoma Verde North Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

"Service Plan" means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

"Trustee" means the trustee or successor trustee under an Indenture.

"Zone A" means approximately 279.662 acres located within the District, as more specifically described on **Exhibit K-2** and depicted on **Exhibit A-2.**

"Zone A Improvement Area #1" means approximately 173.723 acres located within the District, as more specifically described in **Exhibit K-3** and depicted on **Exhibit A-3.**

"Zone A Improvement Area #1 Annual Installment" means the Annual Installment of the Zone A 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 Zone A Improvement Area #1; and (4) Additional Interest related to the Series 2026 Bonds, as shown on **Exhibit F-2.**

"Zone A Improvement Area #1 Assessed Property" means any Parcel within Zone A Improvement Area #1 against which a Zone A Improvement Area #1 Assessment is levied.

"Zone A Improvement Area #1 Assessment" means an Assessment levied against a Parcel of Zone A Improvement Area #1 Assessed Property to pay for a portion of the Actual Costs of the Zone A Improvement Area #1 Authorized Improvements, and imposed pursuant to the 2026 Assessment Ordinance and the provisions herein, as shown on the Zone A 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.

"Zone A Improvement Area #1 Assessment Roll" means the Assessment Roll for the Zone A 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 Zone A Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

"Zone A Improvement Area #1 Authorized Improvements" means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1; (2) the pro rata

portion of the Zone A Improvements allocable to Zone A Improvement Area #1; (3) the Zone A Improvement Area #1 Improvements; (4) Zone A Improvement Area #1's allocable share of the first year's Annual Collection Costs related to the Series 2026 Bonds; and (5) Zone A Improvement Area #1's allocable share of the Bond Issuance Costs incurred in connection with the issuance of the Series 2026 Bonds.

"Zone A Improvement Area #1 Improvements" means the Authorized Improvements which only benefit the Zone A Improvement Area #1 Assessed Property, as further described in **Section III.C** and depicted on **Exhibit H-3.**

"Zone A Improvement Area #1 Initial Parcel" means all of the Zone A Improvement Area #1 Assessed Property against which the entire Zone A Improvement Area #1 Assessment will be levied by the adoption of the 2026 Assessment Ordinance, as shown on the Zone A Improvement Area #1 Assessment Roll.

"Zone A Improvements" means those Authorized Improvements that confer a special benefit to the Zone A Remainder Area Apportioned Property and the Zone A Improvement Area #1 Assessed Property as further described in **Section III.B** and depicted on **Exhibit H-2.**

"Zone A Remainder Area" means approximately 105.939 acres located within the Zone A and entirely outside of Zone A Improvement Area #1, to be developed as one or more future improvement areas.

"Zone A Remainder Area Apportioned Property" means any Parcel within the Zone A Remainder Area against which a portion of the Actual Costs of the Zone A Improvements and Major Improvements are apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

"Zone A Remainder Area Apportionment of Costs" means an Apportionment of Costs against a Parcel within the Zone A Remainder Area for the Major Improvements and Zone A Improvements allocable to the Zone A Remainder Area, as shown on **Exhibit B-2**, subject to reallocation or reduction according to the provisions herein and in the PID Act.

"Zone B Improvement Area #1" means approximately 35.064 acres located within the District, as more specifically described in **Exhibit K-4** and depicted on **Exhibit A-4.**

"Zone B Improvement Area #1 Annual Installment" means the Annual Installment of the Zone B 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 Zone B Improvement Area #1; and (4) Additional Interest related to the Series 2026 Bonds, as shown on **Exhibit G-2.**

"Zone B Improvement Area #1 Assessed Property" means any Parcel within Zone B Improvement Area #1 against which a Zone B Improvement Area #1 Assessment is levied.

"Zone B Improvement Area #1 Assessment" means an Assessment levied against a Parcel of Zone B Improvement Area #1 Assessed Property to pay for a portion of the Actual Costs of the Zone B Improvement Area #1 Authorized Improvements, and imposed pursuant to the 2026 Assessment Ordinance and the provisions herein, as shown on the Zone B 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.

"Zone B Improvement Area #1 Assessment Roll" means the Assessment Roll for the Zone B 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 Zone B Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit G-1**.

"Zone B Improvement Area #1 Authorized Improvements" means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1; (2) the Zone B Improvement Area #1 Improvements; (3) Zone B Improvement Area #1's allocable share of the first year's Annual Collection Costs related to the Series 2026 Bonds; and (4) Zone B Improvement Area #1's allocable share of the Bond Issuance Costs incurred in connection with the issuance of the Series 2026 Bonds.

"Zone B Improvement Area #1 Improvements" means the Authorized Improvements which only benefit the Zone B Improvement Area #1 Assessed Property, as further described in **Section III.D** and depicted on **Exhibit H-3.**

"Zone B Improvement Area #1 Initial Parcel" means all of the Zone B Improvement Area #1 Assessed Property against which the entire Zone B Improvement Area #1 Assessment will be levied by the adoption of the 2026 Assessment Ordinance, as shown on the Zone B Improvement Area #1 Assessment Roll.

SECTION II: THE DISTRICT

The District includes approximately 314.7 contiguous acres located partially within the corporate limits of the City and partially within the extraterritorial jurisdiction of the City, the boundaries of which are more particularly described on **Exhibit K-1** and depicted on **Exhibit A-1.** Annexation will occur on a phase-by-phase basis following the levy of Assessments for the applicable phase and issuance of PID Bonds to finance the Authorized Improvements serving that phase. Development of the District is anticipated to include approximately 690 Lots developed with single-family homes.

Zone A Improvement Area #1 includes approximately 173.723 contiguous acres located partially within the corporate limits of the City and partially within the extraterritorial jurisdiction of the City, the boundaries of which are more particularly described on **Exhibit K-3** and depicted on **Exhibit A-3**. Development of Zone A Improvement Area #1 is anticipated to include approximately 235 Lots developed with single-family homes (167 single-family homes that are on Lots classified as Lot Type 1 and 68 single-family homes that are on Lots classified as Lot Type 2).

Zone B Improvement Area #1 includes approximately 35.064 contiguous acres located wholly within the extraterritorial jurisdiction of the City, the boundaries of which are more particularly described on **Exhibit K-4** and depicted on **Exhibit A-4**. Development of Zone B Improvement Area #1 is anticipated to include approximately 121 Lots developed with single-family homes (121 single-family homes that are on Lots classified as Lot Type 3)

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information in the Engineer's Report provided by the Developer 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 and the Apportioned Property. Authorized Improvements will be designed and constructed in accordance with the City's standards, regulations, requirements, and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B-1**. The Apportionment of Costs is shown on **Exhibit B-2**.

A. Major Improvements

- *Streets*

  Improvements to Edwards Road from the western property line to League Road (including the intersection with League Road) and Benedetto Way (extension from existing Sonoma

Verde to the newly realigned Edwards Road). These improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within the District.

- *Right-of-Way*

  Improvements include right-of-way acquisition required to provide street improvements for all lots within the District. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer*

  Improvements include the extension of a gravity sewer main from Edwards Road through the existing Sonoma Verde development to the existing Sonoma Verde Lift Station and upgrades to the force main system (parallel force main, meter installation, etc.) from the existing Sonoma Verde Lift Station. These improvements include trench excavation and embedment, trench safety, PVC piping, lift station upgrades, pump upgrades, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Storm Drainage*

  The improvements include the required storm drainage along the Edwards Road and Benedetto Way extensions as well as the removal/replacement of the existing culverts at the Berry Creek and Hackberry Creek crossings with Edwards Road. The improvements include earthen channels/grade to drains, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

- *Soft Costs*

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

B. Zone A Improvements

- *Streets*

  Improvements including subgrade stabilization, concrete and reinforcing steel for

roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A.

- *Right-of-Way*

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer*

  Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to each Lot within Zone A.

C. Zone A Improvement Area #1 Improvements

- *Streets*

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A Improvement Area #1.

- *Right-of-Way*

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer*

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

- *Storm Drainage*

  Improvements including earthen channels, valley storage, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary

appurtenances required to provide storm drainage for all Lots within Zone A Improvement Area #1.

- *Soft Costs*

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

D. Zone B Improvement Area #1 Improvements

- *Streets*

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone B Improvement Area #1.

- *Right-of-Way*

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone B Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer*

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

- *Storm Drainage*

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

- *Soft Costs*

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

E. Bond Issuance Costs

- *Debt Service Reserve Fund*

  Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *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.

F. 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 D** summarizes the initial Service Plan for the District. 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 and Apportioned 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 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 of Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property and Apportioned 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:

- The costs of the Major Improvements shall be allocated to Zone A Improvement Area #1 and Zone B Improvement Area #1 and apportioned to the Zone A Remainder Area based on Estimated Buildout Value of each Parcel of Apportioned Property or Assessed Property to the Estimated Buildout Value of the District. Currently, Zone A Improvement Area #1 is allocated 34.57% of the Major Improvements costs, Zone B Improvement Area #1 is

allocated 15.00% of the Major Improvements costs, and Zone A Remainder Area is apportioned 50.43% of the Major Improvements costs. Zone A Improvement Area #1, Zone B Improvement Area #1, and Zone A Remainder Area's shares of the Major Improvements costs are illustrated in **Exhibit B-2.**

- The costs of the Zone A Improvements shall be allocated to Zone A Improvement Area #1 and apportioned to the Zone A Remainder Area based upon Estimated Buildout Value of each Parcel of Apportioned Property or Assessed Property to the Estimated Buildout Value of Zone A. Currently, Zone A Improvement Area #1 is allocated 40.67% of the Zone A Improvements costs and Zone A Remainder Area is apportioned 59.33% of the Zone A Improvements costs. Zone A Improvement Area #1 and Zone A Remainder Area's shares of the Zone A Improvements costs are illustrated in **Exhibit B-2.**

- Upon the adoption of the 2026 Assessment Ordinance, the costs of the Zone A Improvement Area #1 Authorized Improvements will be allocated to each Parcel of Assessed Property within Zone A Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone A Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Zone A Improvement Area #1 Assessed Property. The Zone A Improvement Area #1 Initial Parcel is the only Parcel within Zone A Improvement Area #1, and as such, the Zone A Improvement Area #1 Initial Parcel is allocated 100% of the Zone A Improvement Area #1 Authorized Improvements.

- Upon the adoption of the 2026 Assessment Ordinance, the costs of the Zone B Improvement Area #1 Authorized Improvements will be allocated to each Parcel of Assessed Property within Zone B Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone B Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Zone B Improvement Area #1 Assessed Property. The Zone B Improvement Area #1 Initial Parcel is the only Parcel within Zone B Improvement Area #1, and as such, the Zone B Improvement Area #1 Initial Parcel is allocated 100% of the Zone B Improvement Area #1 Authorized Improvements.

B. Assessments

The Zone A Improvement Area #1 Assessment will be levied on the Zone A Improvement Area #1 Assessed Property in the amount shown on the Zone A Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Zone A Improvement Area #1 Annual Installments are shown on **Exhibit F-2**, subject to revisions made during any Annual Service Plan Update. Upon

division, subdivision, or consolidation of the Zone A Improvement Area #1 Initial Parcel, the Zone A Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Zone B Improvement Area #1 Assessment will be levied on the Zone B Improvement Area #1 Assessed Property in the amount shown on the Zone B Improvement Area #1 Assessment Roll, attached hereto as **Exhibit G-1**. The projected Zone B Improvement Area #1 Annual Installments are shown on **Exhibit G-2**, subject to revisions made during any Annual Service Plan Update. Upon division, subdivision or consolidation of the Zone B Improvement Area #1 Initial Parcel, the Zone B 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, and Lot Type 3, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and their 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:

- *Zone A Improvement Area #1*
    - The costs of the Zone A Improvement Area #1 Authorized Improvements equal $19,381,279 as shown on **Exhibit B-1**;
    - The Zone A Improvement Area #1 Assessed Property receives special benefit from the Zone A Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Zone A Improvement Area #1 Authorized Improvements;
    - Upon the adoption of the 2026 Assessment Ordinance, the Zone A Improvement Area #1 Initial Parcel will be allocated 100% of the Zone A Improvement Area #1 Assessment levied for the Zone A Improvement Area #1 Authorized Improvements, which equals $13,144,000 as shown on the Zone A Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
    - The special benefit (≥$19,381,279) received by the Zone A Improvement Area #1 Initial Parcel from the Zone A Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Zone A Improvement Area #1 Assessment ($13,144,000) levied on the Zone A Improvement Area #1 Initial Parcel for the Zone A Improvement Area #1 Authorized Improvements; and

- At the time the City Council adopts the 2026 Assessment Ordinance, DRP TX 6, LLC will own 100% of the Zone A Improvement Area #1 Assessed Property, and prior to or concurrently with the adoption of the 2026 Assessment Ordinance, DRP TX 6, LLC will acknowledge that the Zone A Improvement Area #1 Authorized Improvements confer a special benefit on the Zone A Improvement Area #1 Assessed Property and will consent to the imposition of the Zone A Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. In addition, prior to or concurrently with the adoption of the 2026 Assessment Ordinance, DRP TX 6, LLC will ratify, confirm, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the 2026 Assessment Ordinance; (2) this Service and Assessment Plan and the 2026 Assessment Ordinance; and (3) the levying of the Zone A Improvement Area #1 Assessment on the Zone A Improvement Area #1 Assessed Property.

- *Zone B Improvement Area #1*

  - The costs of the Zone B Improvement Area #1 Authorized Improvements equal $9,137,103 as shown on **Exhibit B-1**;

  - The Zone B Improvement Area #1 Assessed Property receives special benefit from the Zone B Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Zone B Improvement Area #1 Authorized Improvements;

  - By the adoption of the 2026 Assessment Ordinance, the Zone B Improvement Area #1 Initial Parcel is allocated 100% of the Zone B Improvement Area #1 Assessment levied for the Zone B Improvement Area #1 Authorized Improvements, which equals $4,826,000 as shown on the Zone B Improvement Area #1 Assessment Roll attached hereto as **Exhibit G-1**;

  - The special benefit (≥$9,137,103) received by the Zone B Improvement Area #1 Initial Parcel from the Zone B Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Zone B Improvement Area #1 Assessment ($4,826,000) levied on the Zone B Improvement Area #1 Initial Parcel for the Zone B Improvement Area #1 Authorized Improvements; and

  - At the time the City Council adopts the 2026 Assessment Ordinance, the Developer will own 100% of the Zone B Improvement Area #1 Initial Parcel, and prior to or concurrently with the adoption of the 2026 Assessment Ordinance, the Developer will acknowledge that the Zone B Improvement Area #1 Authorized

Improvements confer a special benefit on the Zone B Improvement Area #1 Initial Parcel and will consent to the imposition of the Zone B Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. In addition, prior to or concurrently with the adoption of the 2026 Assessment Ordinance, the Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the 2026 Assessment Ordinance; (2) this Service and Assessment Plan and the 2026 Assessment Ordinance; and (3) the levying of the Zone B Improvement Area #1 Assessment on the Zone B Improvement Area #1 Initial Parcel.

- *Zone A Remainder Area*
  - The costs of the Major Improvements and Zone A Improvements allocable to the Zone A Remainder Area equal $6,150,311 as shown on **Exhibit B-2**; and
  - The Zone A Remainder Area receives special benefit from the Major Improvements and Zone A Improvements equal to or greater than the Actual Cost of such improvements allocable to the Zone A Remainder Area Apportioned Property; and
  - By the approval of this Service and Assessment Plan by the City Council, the Zone A Remainder Area Apportioned Property is apportioned 50.43% of the Major Improvements, which equals $5,039,763 as shown on **Exhibit B-2**, of which all or a portion is anticipated to be levied at a later date; and
  - By the approval of this Service and Assessment Plan by the City Council, the Zone A Remainder Area Apportioned Property is apportioned 59.33% of the Zone A Improvements, which equals $1,110,547 as shown on **Exhibit B-2**, of which all or a portion is anticipated to be financed by Assessments expected to be levied at a later date.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel of Assessed Property 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 respective Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment related to a series of PID Bonds and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
B = the Assessment for the Assessed Property prior to division
C = the Estimated Buildout Value of the newly divided Assessed Property
D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property, and such calculation shall be approved by the City Council in the next 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, and Lot Type 3 are shown on **Exhibit E** and will not change in future

Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types.

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

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
B = the Assessment for the Parcel prior to subdivision
C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type
D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefited Property
E= the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator 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 next 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, and Lot Type 3 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-Benefited Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit 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. 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 Zone A Improvement Area #1 Annual Installments, and **Exhibit G-2** shows the estimated Zone B Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefited Property as shown by the Rockwall 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 of Assessed Property 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, or cause to be recalculated, the principal and interest of the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Zone A Improvement Area #1 Assessments and Zone B Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027.

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-Benefited Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable

Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a $100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres constituting the Remaining Property shall be subject to the $100 Assessment (provided that this $100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the $100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by $10, then the owner shall be required to pay $10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to $90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Zone A 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

Zone A Improvement Area #1 Assessment Roll and Zone A Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Zone B Improvement Area #1 Assessment Roll is attached as **Exhibit G-1.** The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Zone B Improvement Area #1 Assessment Roll and Zone B 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, said 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, said owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner, 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. Certain tables in this Service and Assessment Plan have been rounded to the nearest whole dollar.

D. Form of Buyer Disclosure/Filing and Posting 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 (1) post a copy of this Service and Assessment Plan or any future Annual Service Plan Updates on the City's internet website and (2) file and record in the real property records of the County this Service and Assessment Plan, or any future Annual Service Plan Updates. This Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	Map of the District
Exhibit A-2	Map of Zone A
Exhibit A-3	Map of Zone A Improvement Area #1
Exhibit A-4	Map of Zone B Improvement Area #1
Exhibit A-5	Zone A Improvement Area #1 Lot Type Classification Map
Exhibit A-6	Zone B Improvement Area #1 Lot Type Classification Map
Exhibit B-1	Project Costs
Exhibit B-2	Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F-1	Zone A Improvement Area #1 Assessment Roll
Exhibit F-2	Zone A Improvement Area #1 Annual Installments
Exhibit G-1	Zone B Improvement Area #1 Assessment Roll
Exhibit G-2	Zone B Improvement Area #1 Annual Installments
Exhibit H-1	Maps of Major Improvements
Exhibit H-2	Maps of Zone A Improvements
Exhibit H-3	Maps of Zone A Improvement Area #1 Improvements and Zone B Improvement Area #1 Improvements
Exhibit I	Form of Notice of Assessment Termination
Exhibit J-1	Debt Service Schedules for Series 2026 Bonds
Exhibit K-1	District Legal Description
Exhibit K-2	Zone A Legal Description
Exhibit K-3	Zone A Improvement Area #1 Legal Description
Exhibit K-4	Zone B 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

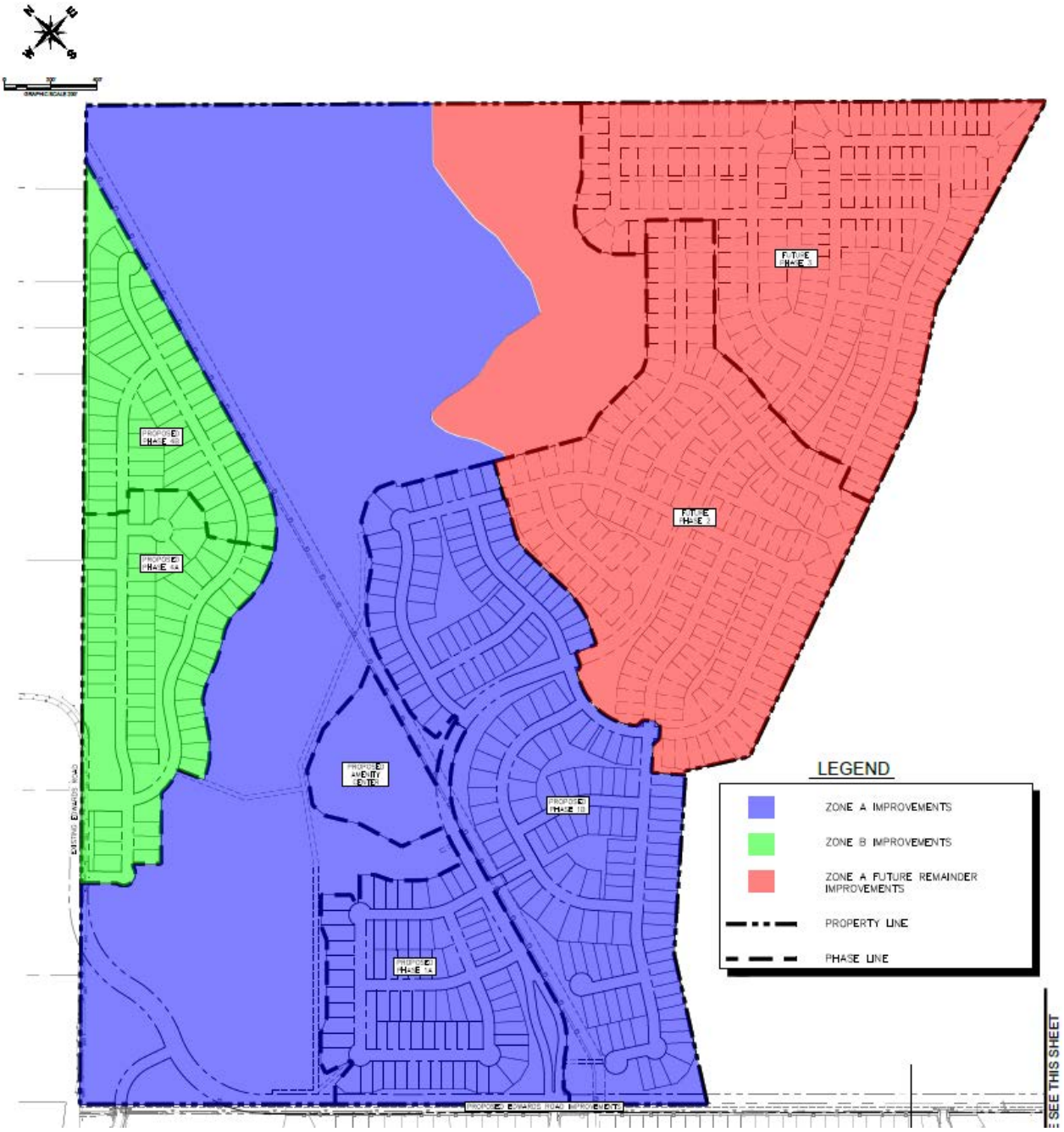


EXHIBIT A-2 – MAP OF ZONE A

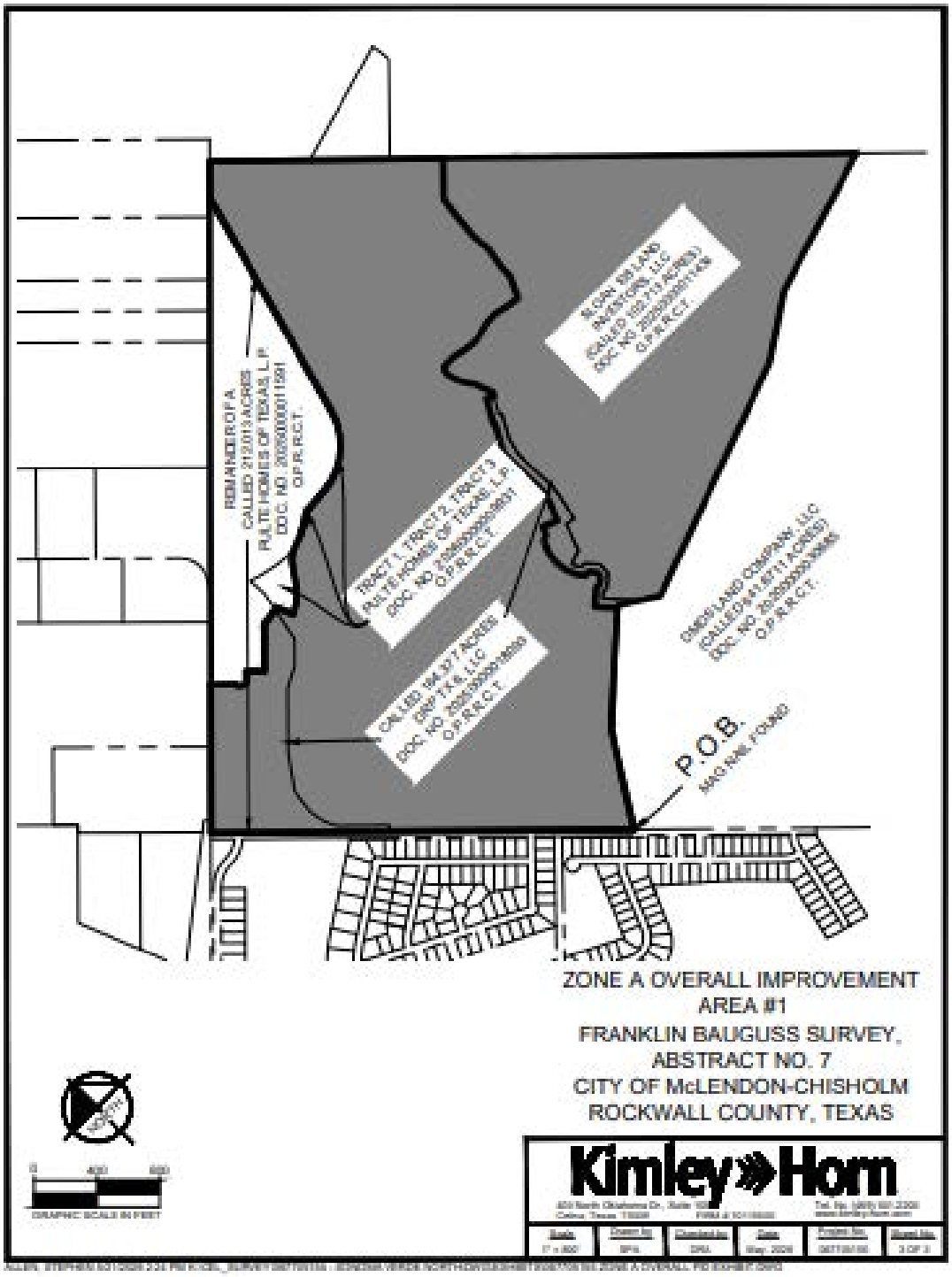


EXHIBIT A-3 – MAP OF ZONE A IMPROVEMENT AREA #1

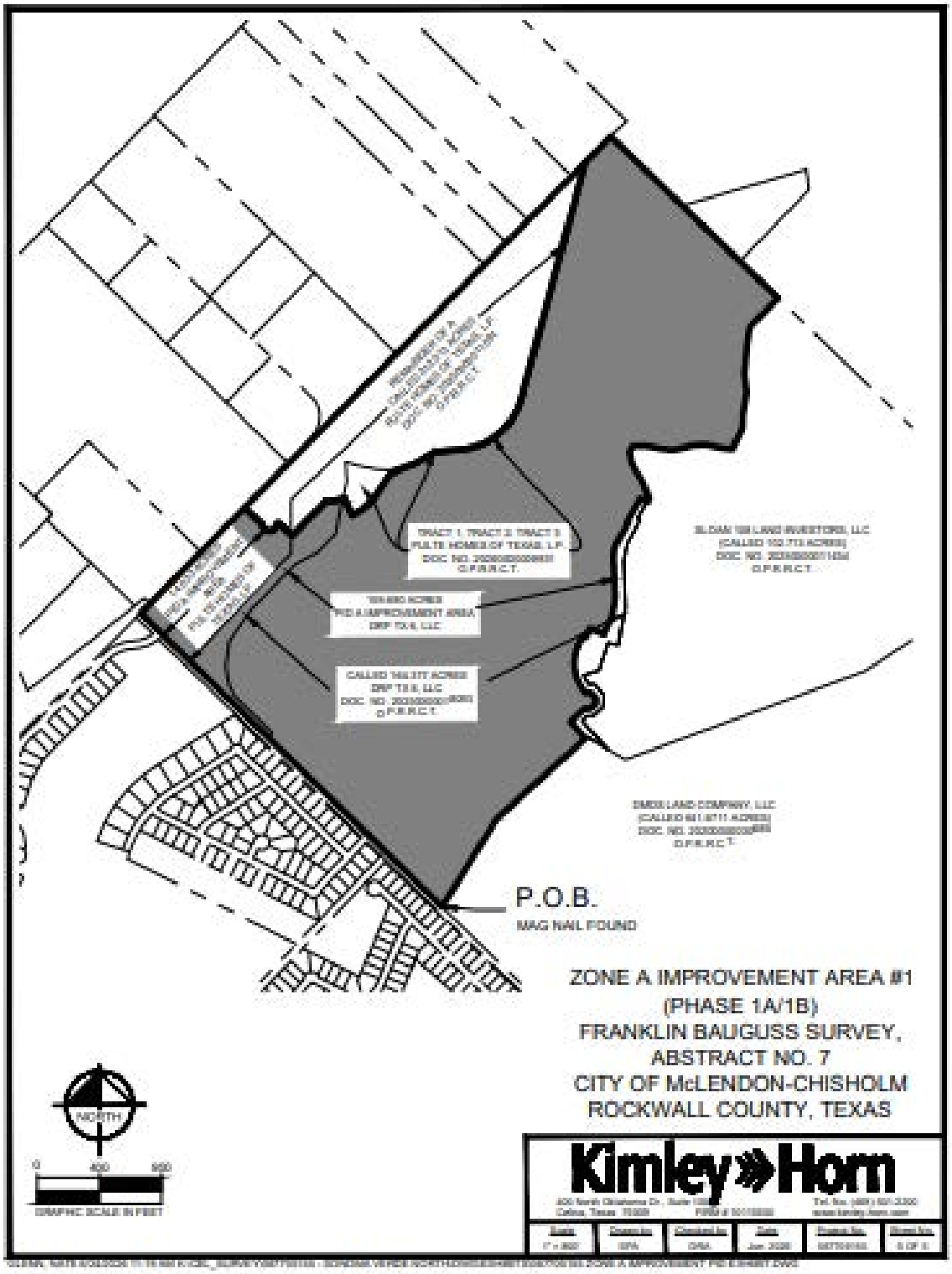


EXHIBIT A-4 – MAP OF ZONE B IMPROVEMENT AREA #1

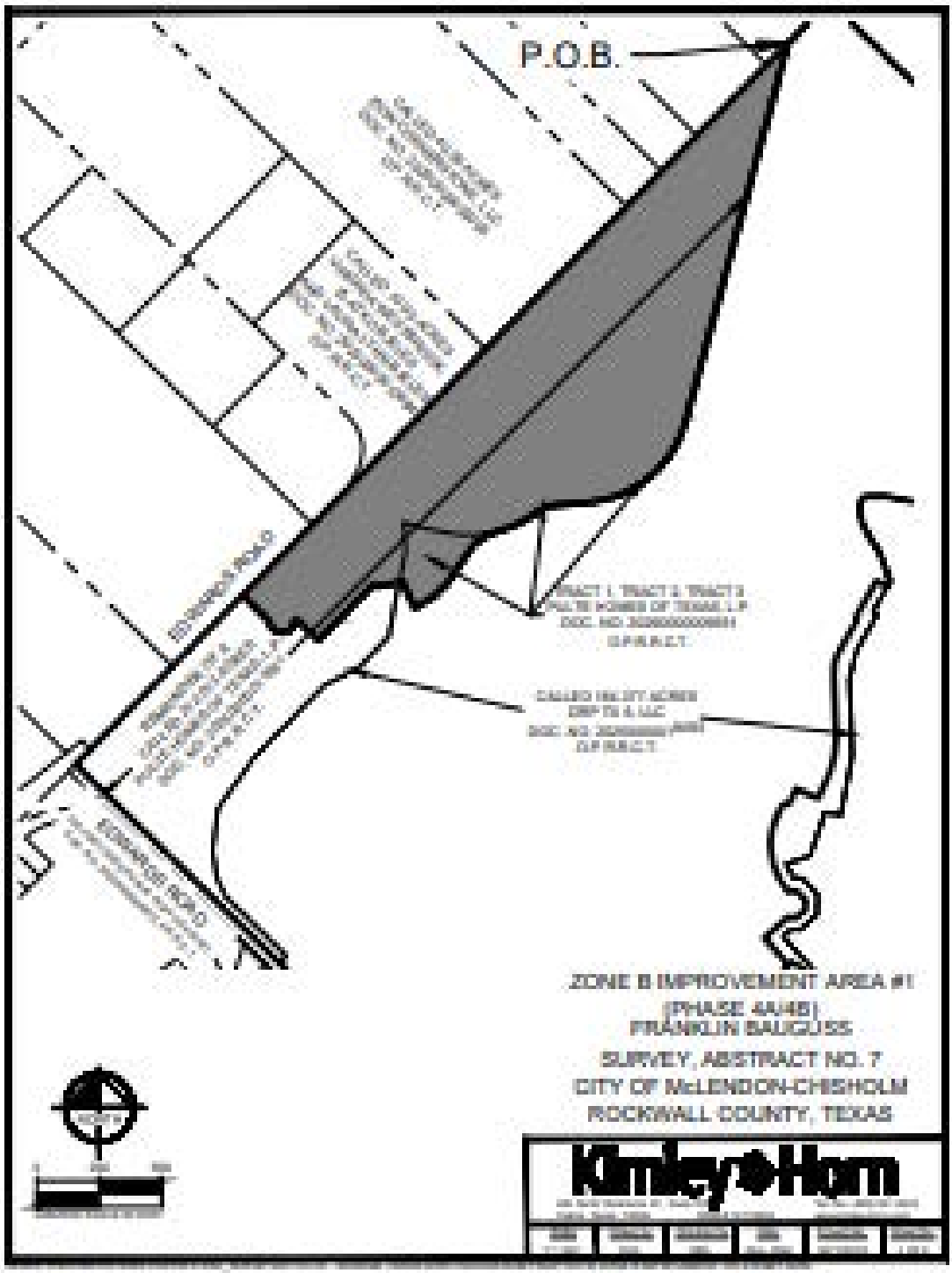


EXHIBIT A-5 – ZONE A IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

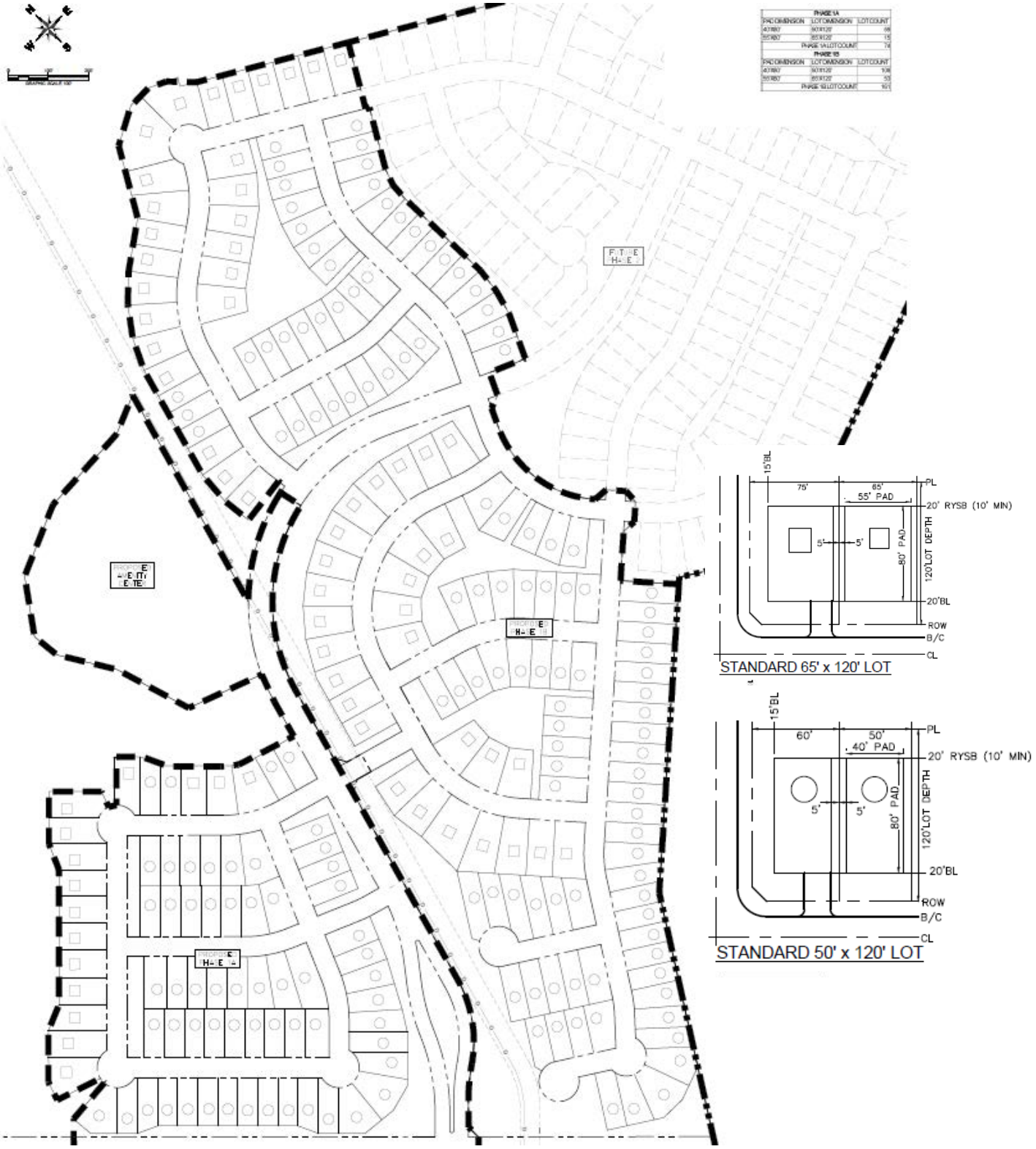


EXHIBIT A-6 – ZONE B IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

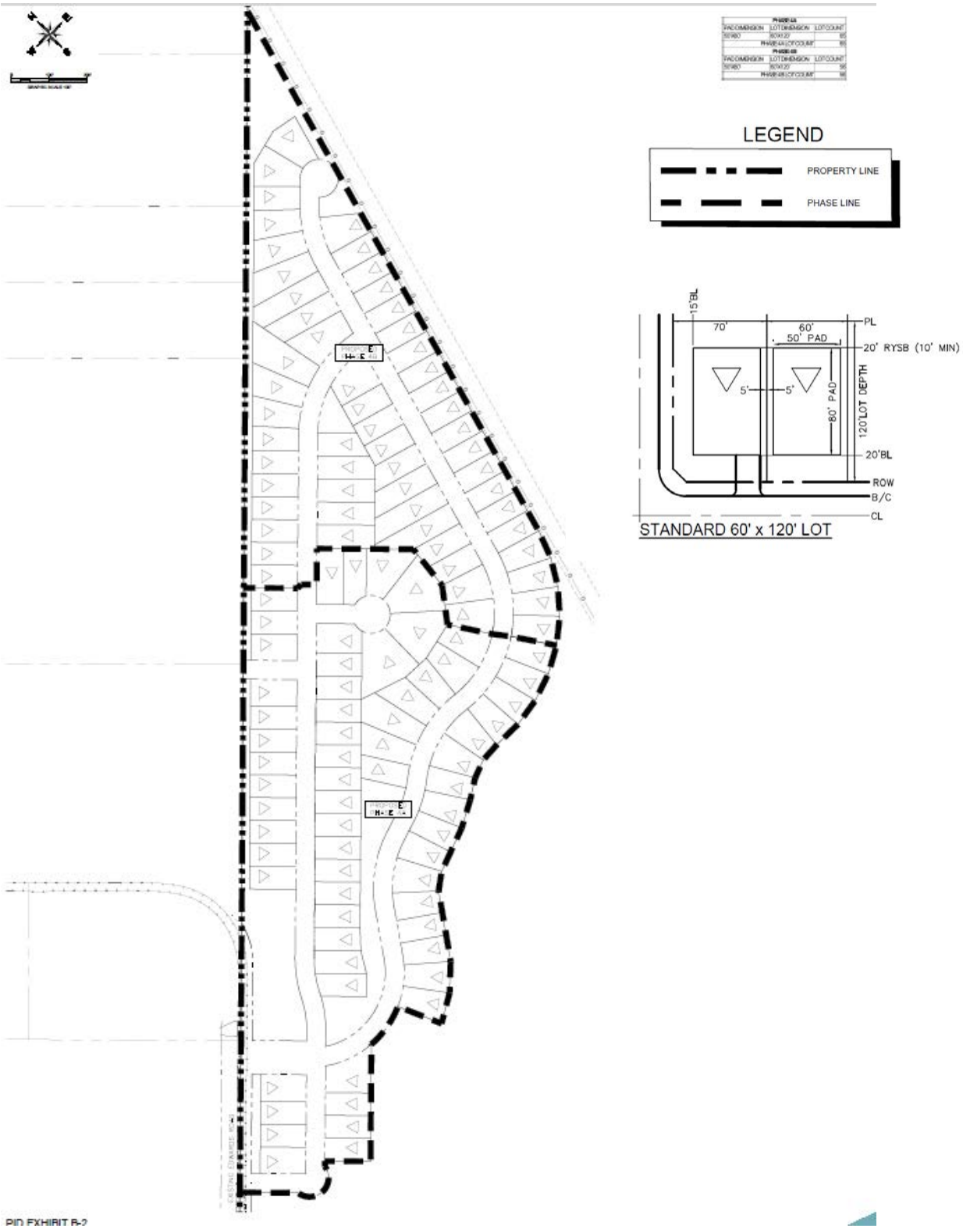


EXHIBIT B-1 – PROJECT COSTS

	Total Costs[a]	Privately Funded[d]	District Eligible Costs	Zone A				Zone B	
				Improvement Area #1		Remainder Area		Improvement Area #1	
				%	Cost	%	Cost	%	Cost
Major Improvements [b]									
Street	$ 2,543,370	$ -	$ 2,543,370	34.57%	$ 879,168	50.43%	$ 1,282,687	15.00%	$ 381,515
Sewer	3,407,799	-	3,407,799	34.57%	1,177,975	50.43%	1,718,641	15.00%	511,182
Storm Drainage	1,715,904	-	1,715,904	34.57%	593,137	50.43%	865,375	15.00%	257,392
Right-of-Way[h]	674,113	-	674,113	34.57%	233,021	50.43%	339,973	15.00%	101,119
Soft Costs[c]	1,651,883	-	1,651,883	34.57%	571,007	50.43%	833,087	15.00%	247,788
	$ 9,993,069	$ -	$ 9,993,069		$ 3,454,308		$ 5,039,763		$ 1,498,997
Zone A Improvements [g]									
Street	$ 1,166,442	$ -	$ 1,166,442	40.67%	$ 474,360	59.33%	$ 692,082	0.00%	$ -
Sewer	176,088	-	176,088	40.67%	71,610	59.33%	104,478	0.00%	-
Right-of-Way[h]	529,198	-	529,198	40.67%	215,211	59.33%	313,988	0.00%	-
	$ 1,871,728	$ -	$ 1,871,728		$ 761,181		$ 1,110,547		$ -
Zone A Improvement Area #1 Improvements									
Street	$ 3,003,017	$ -	$ 3,003,017	100.00%	$ 3,003,017	0.00%	$ -	0.00%	$ -
Sewer	1,762,326	-	1,762,326	100.00%	1,762,326	0.00%	-	0.00%	-
Storm Drainage	2,857,865	-	2,857,865	100.00%	2,857,865	0.00%	-	0.00%	-
Right-of-Way[h]	1,897,450	-	1,897,450	100.00%	1,897,450	0.00%	-	0.00%	-
Soft Costs[c]	2,531,132	-	2,531,132	100.00%	2,531,132	0.00%	-	0.00%	-
	$ 12,051,789	$ -	$ 12,051,789		$ 12,051,789		$ -		$ -
Zone B Improvement Area #1 Improvements									
Street	$ 1,670,175	$ -	$ 1,670,175	0.00%	$ -	0.00%	$ -	100.00%	$ 1,670,175
Sewer	808,923	-	808,923	0.00%	-	0.00%	-	100.00%	808,923
Storm Drainage	1,552,637	-	1,552,637	0.00%	-	0.00%	-	100.00%	1,552,637
Right-of-Way[h]	1,080,000	-	1,080,000	0.00%	-	0.00%	-	100.00%	1,080,000
Soft Costs[c]	1,359,371	-	1,359,371	0.00%	-	0.00%	-	100.00%	1,359,371
	$ 6,471,106	$ -	$ 6,471,106		$ -		$ -		$ 6,471,106
Private Improvements [d],[i]									
Private Improvements	$ 3,689,747	$ 3,689,747	$ -	0.0%	$ -	0.0%	$ -	0.00%	$ -
	$ 3,689,747	$ 3,689,747	$ -		$ -		$ -		$ -
Bond Issuance Costs [e]									
Debt Service Reserve Fund	$ 1,315,740	$ -	$ 1,315,740		$ 964,187		$ -		$ 351,553
Capitalized Interest	1,177,035	-	1,177,035		860,932		-		316,103
Underwriter Discount[f]	539,100	-	539,100		394,320		-		144,780
Cost of Issuance	1,169,125	-	1,169,125		854,561		-		314,564
	$ 4,201,000	$ -	$ 4,201,000		$ 3,074,000		$ -		$ 1,127,000
Other Costs [e]									
Deposit to Administrative Fund	$ 80,000	$ -	$ 80,000		$ 40,000		$ -		$ 40,000
	$ 80,000	$ -	$ 80,000		$ 40,000		$ -		$ 40,000
Total	**$ 38,358,439**	**$ 3,689,747**	**$ 34,668,692**		**$ 19,381,279**		**$ 6,150,311**		**$ 9,137,103**

Footnotes:

[a] Per Engineer's Report dated 03/17/2026.

[b] The Major Improvements are apportioned pro rata between Zone A Improvement Area #1, Zone B Improvement Area #1, and the Zone A Remainder Area based on the ratio of Estimated Buildout Value of each area to the Estimated Buildout Value of the District.

[c] Soft costs include engineering, staking, surveying, flood study, construction staking, city inspection fees, geotechnical and material testing, general contractor fees, and contingency.

[d] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[e] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[f] Includes the fee of counsel to the Underwriter.

[g] The Zone A Improvements are apportioned pro rata between Zone A Improvement Area #1 and the Zone A Remainder Area based on the ratio of Estimated Buildout Value of each area to the Estimated Buildout Value of Zone A.

[h] Based on draft right-of-way appraisal dated 05/22/2026 and subject to change based on final right-of-way appraisal.

[i] Private Improvements include the costs associated with the force main and gravity sewer improvements allocable to the Sonoma Verde East development, the water distribution system, and the FM 550 water distribution system, all of which are necessary to deliver final completed lots, as shown in the Engineer's Report attached as **Appendix A.**

EXHIBIT B-2 – APPORTIONMENT OF COSTS

Improvement Area	Units	Estimated Buildout Value	Major Improvements[a]		Zone A Improvements[b]		Total Apportionment for Future Funding[c]
			%	Costs	%	Costs	
Zone A Improvement Area #1	235	$ 135,940,490.00	34.57%	$ 3,454,308.27	40.67%	$ 761,181.10	
Zone B Improvement Area #1	121	$ 58,991,372.00	15.00%	$ 1,498,996.98	NA	NA	
Zone A Remainder Area	334	$ 198,334,325.00	50.43%	$ 5,039,763.35	59.33%	$ 1,110,547.26	$ 6,150,310.62
Total	**690**	**$ 393,266,187.00**		**$ 9,993,068.61**		**$ 1,871,728.36**	

Footnotes:

[a] The costs of the Major Improvements apportioned pro rata based on Estimated Buildout Value between Zone A Improvement Area #1, Zone B Improvement Area #1, and Zone A Remainder Area.

[b] The costs of the Zone A Improvements apportioned pro rata based on Estimated Buildout Value between Zone A Improvement Area #1 and Zone A Remainder Area.

[c] Reimbursable in part or in full from future Assessments levied on the Remainder Area.

EXHIBIT C – SERVICE PLAN

Zone A Improvement Area #1						
Annual Installment Due		**1/31/2027**	**1/31/2028**	**1/31/2029**	**1/31/2030**	**1/31/2031**
Principal		$ -	$ 173,000.00	$ 184,000.00	$ 195,000.00	$ 207,000.00
Interest		860,932.00	788,640.00	778,260.00	767,220.00	755,520.00
Capitalized Interest		(860,932.00)	-	-	-	-
	(1)	$ -	$ 961,640.00	$ 962,260.00	$ 962,220.00	$ 962,520.00
Additional Interest	(2)	$ 65,720.00	$ 65,720.00	$ 64,855.00	$ 63,935.00	$ 62,960.00
Annual Collection Costs	(3)	$ 40,000.00	$ 40,800.00	$ 41,616.00	$ 42,448.32	$ 43,297.29
Total Annual Installment Due	**(4) = (1) + (2) + (3)**	**$ 105,720.00**	**$ 1,068,160.00**	**$ 1,068,731.00**	**$ 1,068,603.32**	**$ 1,068,777.29**

Zone B Improvement Area #1						
Annual Installment Due		**1/31/2027**	**1/31/2028**	**1/31/2029**	**1/31/2030**	**1/31/2031**
Principal		$ -	$ 70,000.00	$ 73,000.00	$ 77,000.00	$ 81,000.00
Interest		316,103.00	289,560.00	285,360.00	280,980.00	276,360.00
Capitalized Interest		(316,103.00)	-	-	-	-
	(1)	$ -	$ 359,560.00	$ 358,360.00	$ 357,980.00	$ 357,360.00
Additional Interest	(2)	$ 24,130.00	$ 24,130.00	$ 23,780.00	$ 23,415.00	$ 23,030.00
Annual Collection Costs	(3)	$ 40,000.00	$ 40,800.00	$ 41,616.00	$ 42,448.32	$ 43,297.29
Total Annual Installment Due	**(4) = (1) + (2) + (3)**	**$ 64,130.00**	**$ 424,490.00**	**$ 423,756.00**	**$ 423,843.32**	**$ 423,687.29**

EXHIBIT D – SOURCES AND USES OF FUNDS

		Zone A		Zone B	
	Privately Funded	Zone A Improvement Area #1	Zone A Remainder Area	Zone B Improvement Area #1	Total
Sources of Funds					
Series 2026 Bonds	$ -	$ 13,144,000	$ -	$ 4,826,000	$ 17,970,000
Developer Contribution - Private Improvements[a]	3,689,747	-	-	-	3,689,747
Zone A Remainder Area - Apportionment of Costs[f]	-	-	6,150,311	-	6,150,311
Developer Contribution - Zone A Improvement Area #1[a]	-	6,237,279	-	-	6,237,279
Developer Contribution - Zone B Improvement Area #1[a]	-	-	-	4,311,103	4,311,103
Total Sources of Funds	**$ 3,689,747**	**$ 19,381,279**	**$ 6,150,311**	**$ 9,137,103**	**$ 38,358,439**
Uses of Funds					
Major Improvements[d]	$ -	$ 3,454,308	$ 5,039,763	$ 1,498,997	$ 9,993,069
Zone A Improvements[e]	-	761,181	1,110,547	-	1,871,728
Zone A Improvement Area #1 Improvements	-	12,051,789	-	-	12,051,789
Zone B Improvement Area #1 Improvements	-	-	-	6,471,106	6,471,106
Private Improvements[a]	3,689,747	-	-	-	3,689,747
	$ 3,689,747	$ 16,267,279	$ 6,150,311	$ 7,970,103	$ 34,077,439
Bond Issuance Costs[b]					
Debt Service Reserve Fund	$ -	$ 964,187	$ -	$ 351,553	$ 1,315,740
Capitalized Interest	-	860,932	-	316,103	1,177,035
Underwriter Discount[c]	-	394,320	-	144,780	539,100
Cost of Issuance	-	854,561	-	314,564	1,169,125
	$ -	$ 3,074,000	$ -	$ 1,127,000	$ 4,201,000
Other Costs[b]					
Deposit to Administrative Fund	$ -	$ 40,000	$ -	$ 40,000	$ 80,000
	$ -	$ 40,000	$ -	$ 40,000	$ 80,000
Total Uses of Funds	**$ 3,689,747**	**$ 19,381,279**	**$ 6,150,311**	**$ 9,137,103**	**$ 38,358,439**

Footnotes:

[a] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[b] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[c] Includes the fee of counsel to the Underwriter.

[d] The Major Improvements are apportioned pro rata between Zone A Improvement Area #1, Zone B Improvement Area #1, and the Zone A Remainder Area as shown in **Exhibit B-2**.

[e] Zone A Improvements apportioned pro rata between Zone A Improvement Area #1 and Zone A Remainder Area as shown in **Exhibit B-2**.

[f] Reimbursable in part or in full from future Assessments levied on the Remainder Area.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units[b]	Appraised Value[a]		Estimated Buildout Value[c]		Assessment		Average Annual Installment		PID TRE
		Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	
Zone A Improvement Area #1										
Lot Type 1	167	$ 115,000	$ 19,205,000	$ 529,610	$ 88,444,870	$ 51,208	$ 8,551,679	$ 4,163	$ 695,180	0.786004
Lot Type 2	68	149,500	10,166,000	698,465	47,495,620	$ 67,534	4,592,321	$ 5,490	373,317	0.786004
Zone A Improvement Area #1 Subtotal	**235**		**$ 29,371,000**		**$ 135,940,490**		**$ 13,144,000**		**$ 1,068,498**	**0.786004**
Zone B Improvement Area #1										
Lot Type 3	121	$ 138,000	$ 16,698,000	$ 487,532	$ 58,991,372	$ 39,884	$ 4,826,000	$ 3,505	$ 424,091	0.718904
Zone B Improvement Area #1 Subtotal	**121**		**$ 16,698,000**		**$ 58,991,372**		**$ 4,826,000**		**$ 424,091**	**0.718904**

Footnotes:

[a] Based on the final appraisal dated 06/24/2026.
[b] As provided by the Developer on 03/17/2026.
[c] As provided by the Developer on 02/24/2026.

EXHIBIT F-1 – ZONE A IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2027[b]
339457	Zone A Improvement Area #1 Initial Parcel	$ 13,144,000.00	$ 105,720.00
10076	Non-Benefited Property	$ -	$ -
Total		**$ 13,144,000.00**	**$ 105,720.00**

Footnotes:

[a] The Assessment and Annual Installment have initially been allocated between all Property IDs within Zone A Improvement Area #1 pro rata based on acreage as reported by Rockwall Central Appraisal District. Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

[b] Annual Installment due may not match Service Plan or Annual Installment schedule due to rounding.

EXHIBIT F-2 – ZONE A IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Reserve Fund[c]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 860,932	$ (860,932)	$ -	$ 65,720	$ 40,000	$ 105,720
2028	$ 173,000	$ 788,640	$ -	$ -	$ 65,720	$ 40,800	$ 1,068,160
2029	$ 184,000	$ 778,260	$ -	$ -	$ 64,855	$ 41,616	$ 1,068,731
2030	$ 195,000	$ 767,220	$ -	$ -	$ 63,935	$ 42,448	$ 1,068,603
2031	$ 207,000	$ 755,520	$ -	$ -	$ 62,960	$ 43,297	$ 1,068,777
2032	$ 219,000	$ 743,100	$ -	$ -	$ 61,925	$ 44,163	$ 1,068,188
2033	$ 233,000	$ 729,960	$ -	$ -	$ 60,830	$ 45,046	$ 1,068,836
2034	$ 247,000	$ 715,980	$ -	$ -	$ 59,665	$ 45,947	$ 1,068,592
2035	$ 262,000	$ 701,160	$ -	$ -	$ 58,430	$ 46,866	$ 1,068,456
2036	$ 278,000	$ 685,440	$ -	$ -	$ 57,120	$ 47,804	$ 1,068,364
2037	$ 295,000	$ 668,760	$ -	$ -	$ 55,730	$ 48,760	$ 1,068,250
2038	$ 313,000	$ 651,060	$ -	$ -	$ 54,255	$ 49,735	$ 1,068,050
2039	$ 333,000	$ 632,280	$ -	$ -	$ 52,690	$ 50,730	$ 1,068,700
2040	$ 353,000	$ 612,300	$ -	$ -	$ 51,025	$ 51,744	$ 1,068,069
2041	$ 375,000	$ 591,120	$ -	$ -	$ 49,260	$ 52,779	$ 1,068,159
2042	$ 399,000	$ 568,620	$ -	$ -	$ 47,385	$ 53,835	$ 1,068,840
2043	$ 423,000	$ 544,680	$ -	$ -	$ 45,390	$ 54,911	$ 1,067,981
2044	$ 450,000	$ 519,300	$ -	$ -	$ 43,275	$ 56,010	$ 1,068,585
2045	$ 478,000	$ 492,300	$ -	$ -	$ 41,025	$ 57,130	$ 1,068,455
2046	$ 508,000	$ 463,620	$ -	$ -	$ 38,635	$ 58,272	$ 1,068,527
2047	$ 540,000	$ 433,140	$ -	$ -	$ 36,095	$ 59,438	$ 1,068,673
2048	$ 574,000	$ 400,740	$ -	$ -	$ 33,395	$ 60,627	$ 1,068,762
2049	$ 610,000	$ 366,300	$ -	$ -	$ 30,525	$ 61,839	$ 1,068,664
2050	$ 648,000	$ 329,700	$ -	$ -	$ 27,475	$ 63,076	$ 1,068,251
2051	$ 689,000	$ 290,820	$ -	$ -	$ 24,235	$ 64,337	$ 1,068,392
2052	$ 733,000	$ 249,480	$ -	$ -	$ 20,790	$ 65,624	$ 1,068,894
2053	$ 779,000	$ 205,500	$ -	$ -	$ 17,125	$ 66,937	$ 1,068,562
2054	$ 828,000	$ 158,760	$ -	$ -	$ 13,230	$ 68,275	$ 1,068,265
2055	$ 881,000	$ 109,080	$ -	$ -	$ 9,090	$ 69,641	$ 1,068,811
2056	$ 937,000	$ 56,220	$ -	$ 964,187	$ 4,685	$ 71,034	$ 2,033,126
Total	**$ 13,144,000**	**$ 15,869,992**	**$ (860,932)**	**$ 964,187**	**$ 1,316,475**	**$ 1,622,723**	**$ 32,056,445**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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] Assumes Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

EXHIBIT G-1 – ZONE B IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2027[b]
10076	Zone B Improvement Area #1 Initial Parcel	$ 4,826,000.00	$ 64,130.00
Total		**$ 4,826,000.00**	**$ 64,130.00**

Footnotes:

[a] The Assessment and Annual Installment have initially been allocated between all Property IDs within Zone B Improvement Area #1 pro rata based on acreage as reported by Rockwall Central Appraisal District. Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

[b] Annual Installment due may not match Service Plan or Annual Installment schedule due to rounding.

EXHIBIT G-2 – ZONE B IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Reserve Fund[c]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 316,103	$ (316,103)	$ -	$ 24,130	$ 40,000	$ 64,130
2028	$ 70,000	$ 289,560	$ -	$ -	$ 24,130	$ 40,800	$ 424,490
2029	$ 73,000	$ 285,360	$ -	$ -	$ 23,780	$ 41,616	$ 423,756
2030	$ 77,000	$ 280,980	$ -	$ -	$ 23,415	$ 42,448	$ 423,843
2031	$ 81,000	$ 276,360	$ -	$ -	$ 23,030	$ 43,297	$ 423,687
2032	$ 86,000	$ 271,500	$ -	$ -	$ 22,625	$ 44,163	$ 424,288
2033	$ 90,000	$ 266,340	$ -	$ -	$ 22,195	$ 45,046	$ 423,581
2034	$ 95,000	$ 260,940	$ -	$ -	$ 21,745	$ 45,947	$ 423,632
2035	$ 101,000	$ 255,240	$ -	$ -	$ 21,270	$ 46,866	$ 424,376
2036	$ 106,000	$ 249,180	$ -	$ -	$ 20,765	$ 47,804	$ 423,749
2037	$ 112,000	$ 242,820	$ -	$ -	$ 20,235	$ 48,760	$ 423,815
2038	$ 119,000	$ 236,100	$ -	$ -	$ 19,675	$ 49,735	$ 424,510
2039	$ 125,000	$ 228,960	$ -	$ -	$ 19,080	$ 50,730	$ 423,770
2040	$ 133,000	$ 221,460	$ -	$ -	$ 18,455	$ 51,744	$ 424,659
2041	$ 140,000	$ 213,480	$ -	$ -	$ 17,790	$ 52,779	$ 424,049
2042	$ 148,000	$ 205,080	$ -	$ -	$ 17,090	$ 53,835	$ 424,005
2043	$ 157,000	$ 196,200	$ -	$ -	$ 16,350	$ 54,911	$ 424,461
2044	$ 166,000	$ 186,780	$ -	$ -	$ 15,565	$ 56,010	$ 424,355
2045	$ 175,000	$ 176,820	$ -	$ -	$ 14,735	$ 57,130	$ 423,685
2046	$ 186,000	$ 166,320	$ -	$ -	$ 13,860	$ 58,272	$ 424,452
2047	$ 197,000	$ 155,160	$ -	$ -	$ 12,930	$ 59,438	$ 424,528
2048	$ 208,000	$ 143,340	$ -	$ -	$ 11,945	$ 60,627	$ 423,912
2049	$ 220,000	$ 130,860	$ -	$ -	$ 10,905	$ 61,839	$ 423,604
2050	$ 234,000	$ 117,660	$ -	$ -	$ 9,805	$ 63,076	$ 424,541
2051	$ 248,000	$ 103,620	$ -	$ -	$ 8,635	$ 64,337	$ 424,592
2052	$ 262,000	$ 88,740	$ -	$ -	$ 7,395	$ 65,624	$ 423,759
2053	$ 278,000	$ 73,020	$ -	$ -	$ 6,085	$ 66,937	$ 424,042
2054	$ 295,000	$ 56,340	$ -	$ -	$ 4,695	$ 68,275	$ 424,310
2055	$ 313,000	$ 38,640	$ -	$ -	$ 3,220	$ 69,641	$ 424,501
2056	$ 331,000	$ 19,860	$ -	$ 351,553	$ 1,655	$ 71,034	$ 775,102
Total	**$ 4,826,000**	**$ 5,752,823**	**$ (316,103)**	**$ 351,553**	**$ 477,190**	**$ 1,622,723**	**$ 12,714,186**

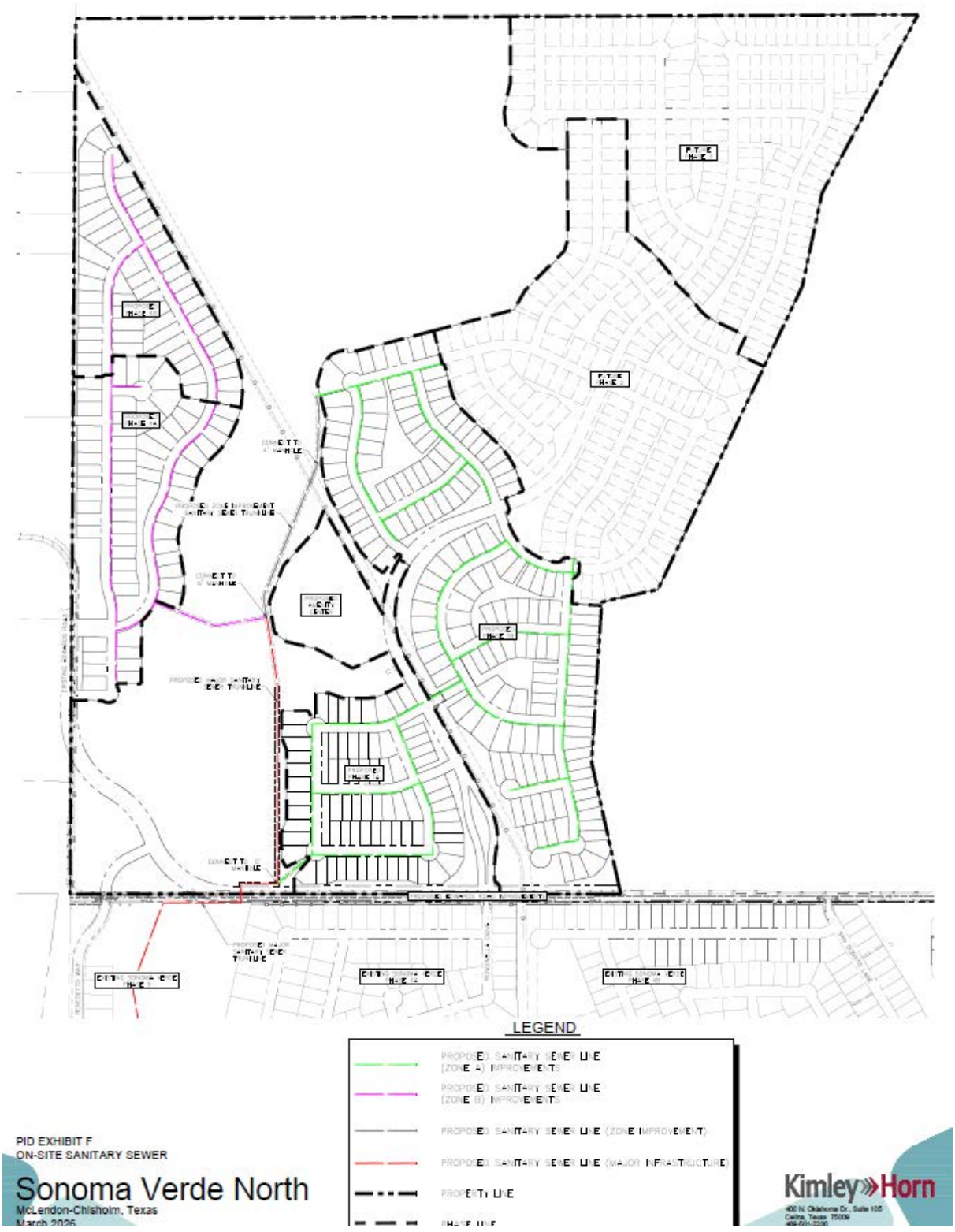
Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

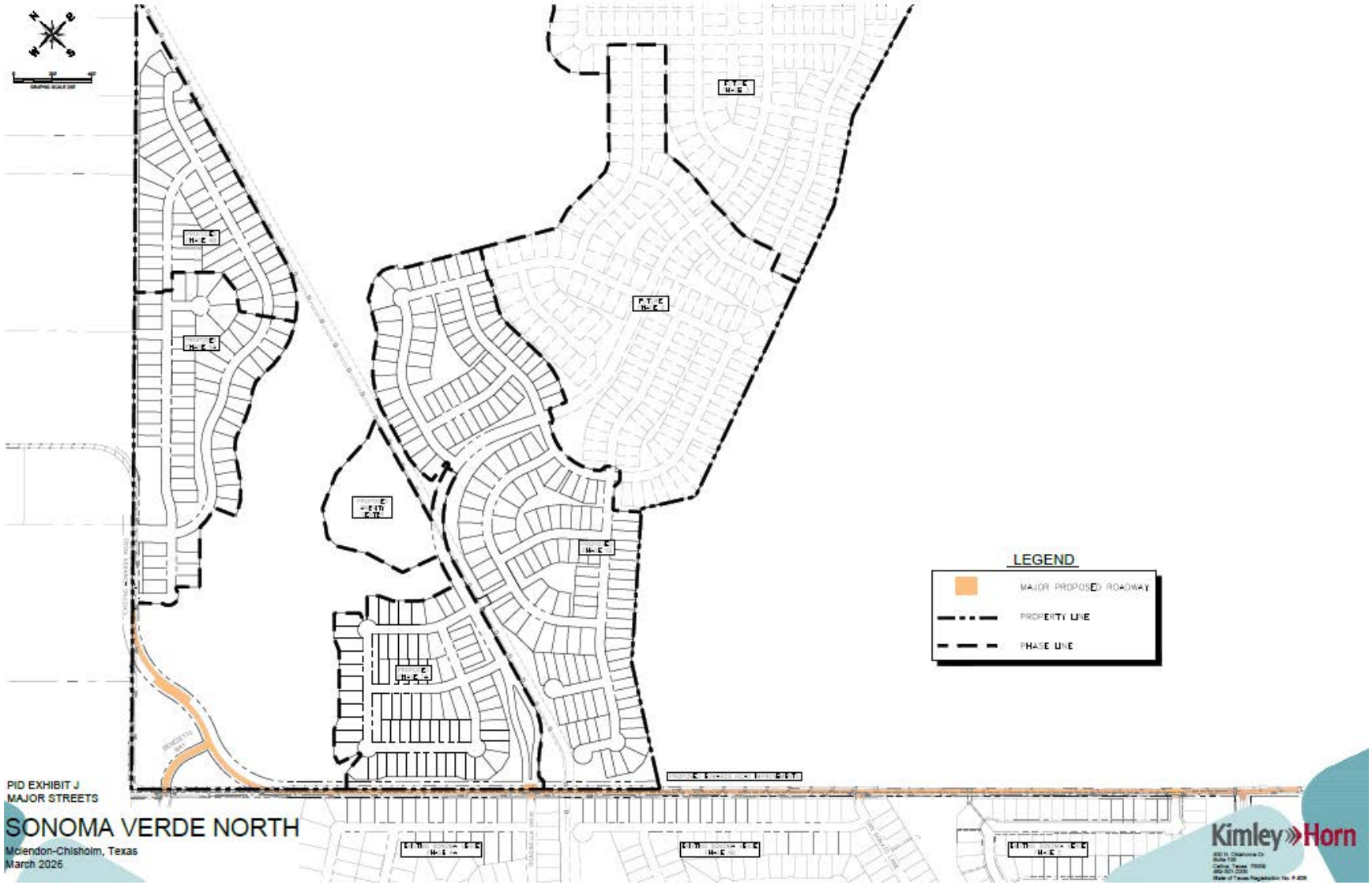
[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

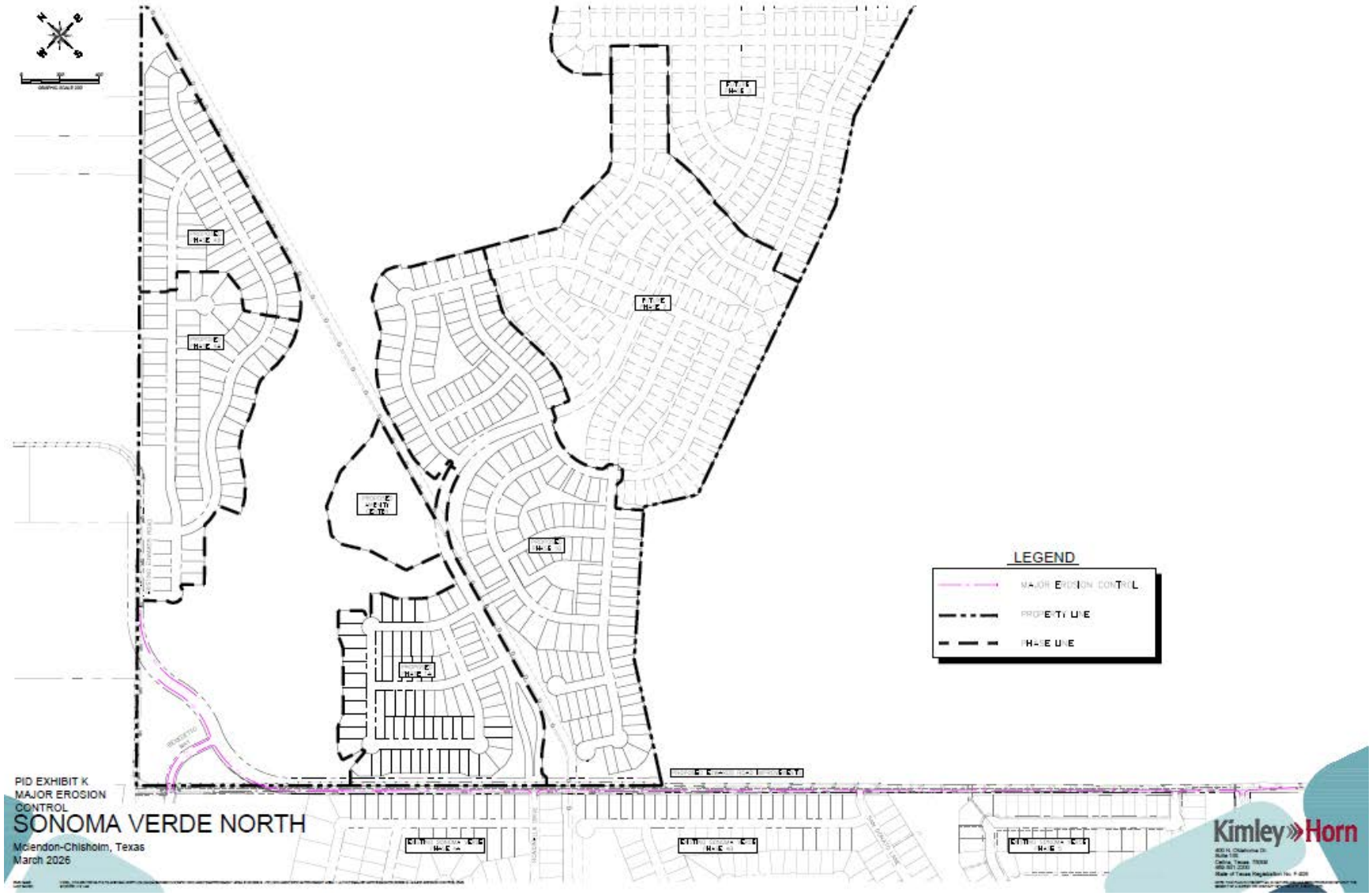
[c] Assumes Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

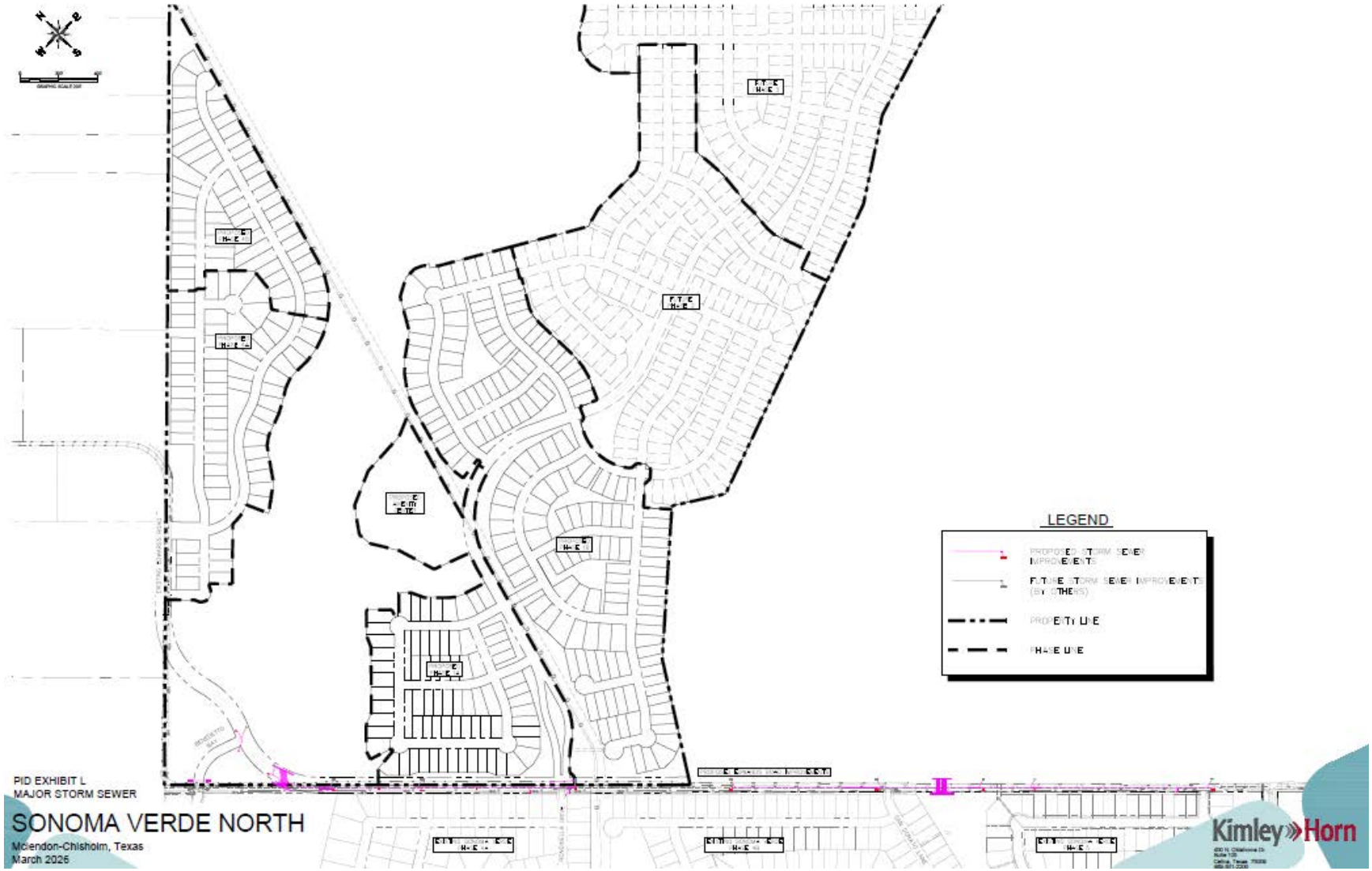
EXHIBIT H-1 – MAPS OF MAJOR IMPROVEMENTS




LEGEND
MAJOR ROW DEDICATION
PROPERTY LINE
PHASE LINE
PID EXHIBIT H
MAJOR ROW DEDICATION
SONOMA VERDE NORTH
Mclendon-Chisholm, Texas
March 2026
Kimley»Horn


LEGEND
MAJOR PROPOSED ROADWAY
PROPERTY LINE
PHASE LINE
PID EXHIBIT J
MAJOR STREETS
SONOMA VERDE NORTH
Molendon-Chisholm, Texas
March 2026
Kimley»Horn


LEGEND
MAJOR EROSION CONTROL
PROPERTY LINE
PHASE LINE
PID EXHIBIT K
MAJOR EROSION CONTROL
SONOMA VERDE NORTH
Mclendon-Chisholm, Texas
March 2026
Kimley»Horn


LEGEND
PROPERTY LINE
PHASE LINE
PID EXHIBIT L
MAJOR STORM SEWER
SONOMA VERDE NORTH
Mclendon-Chisholm, Texas
March 2026
Kimley»Horn

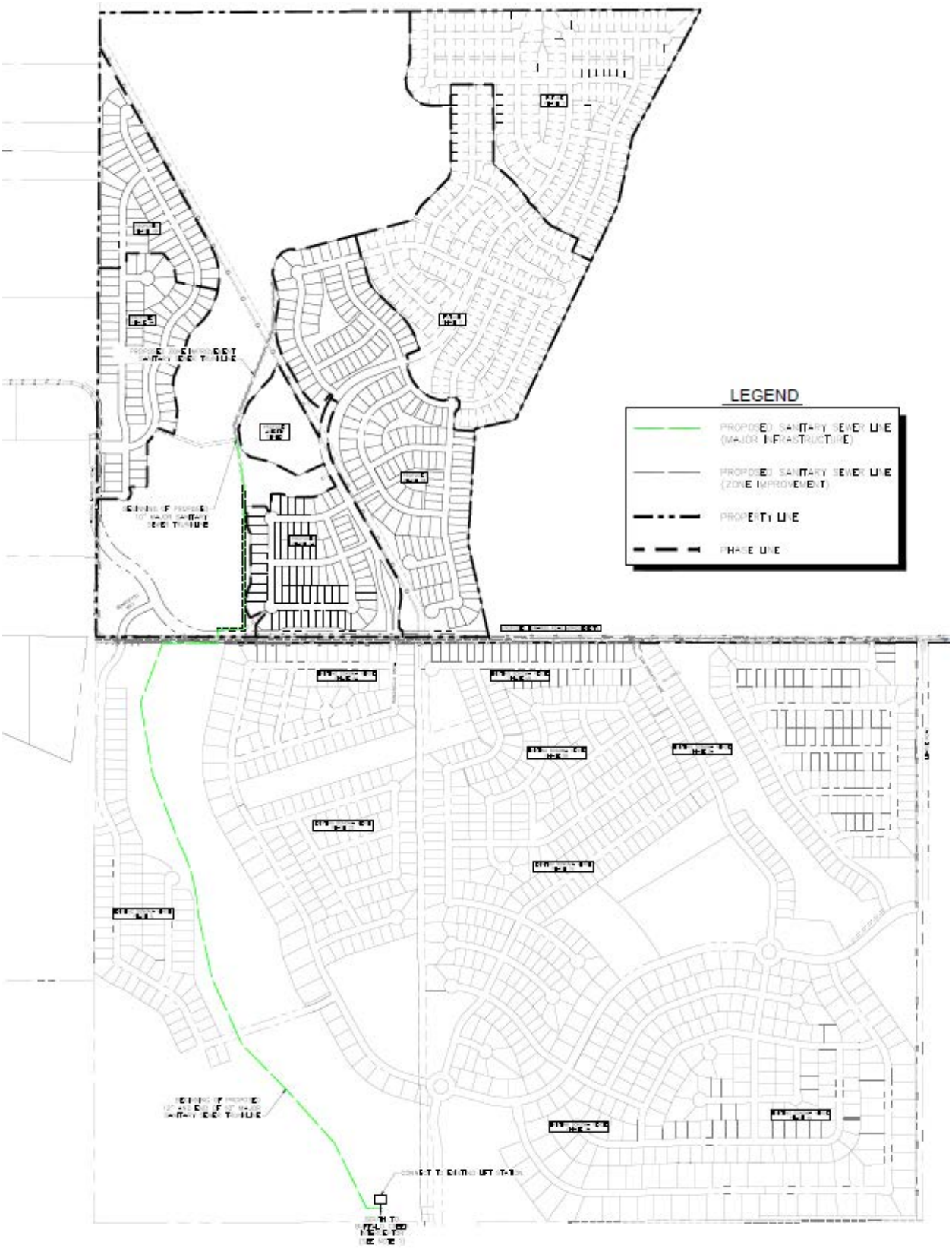
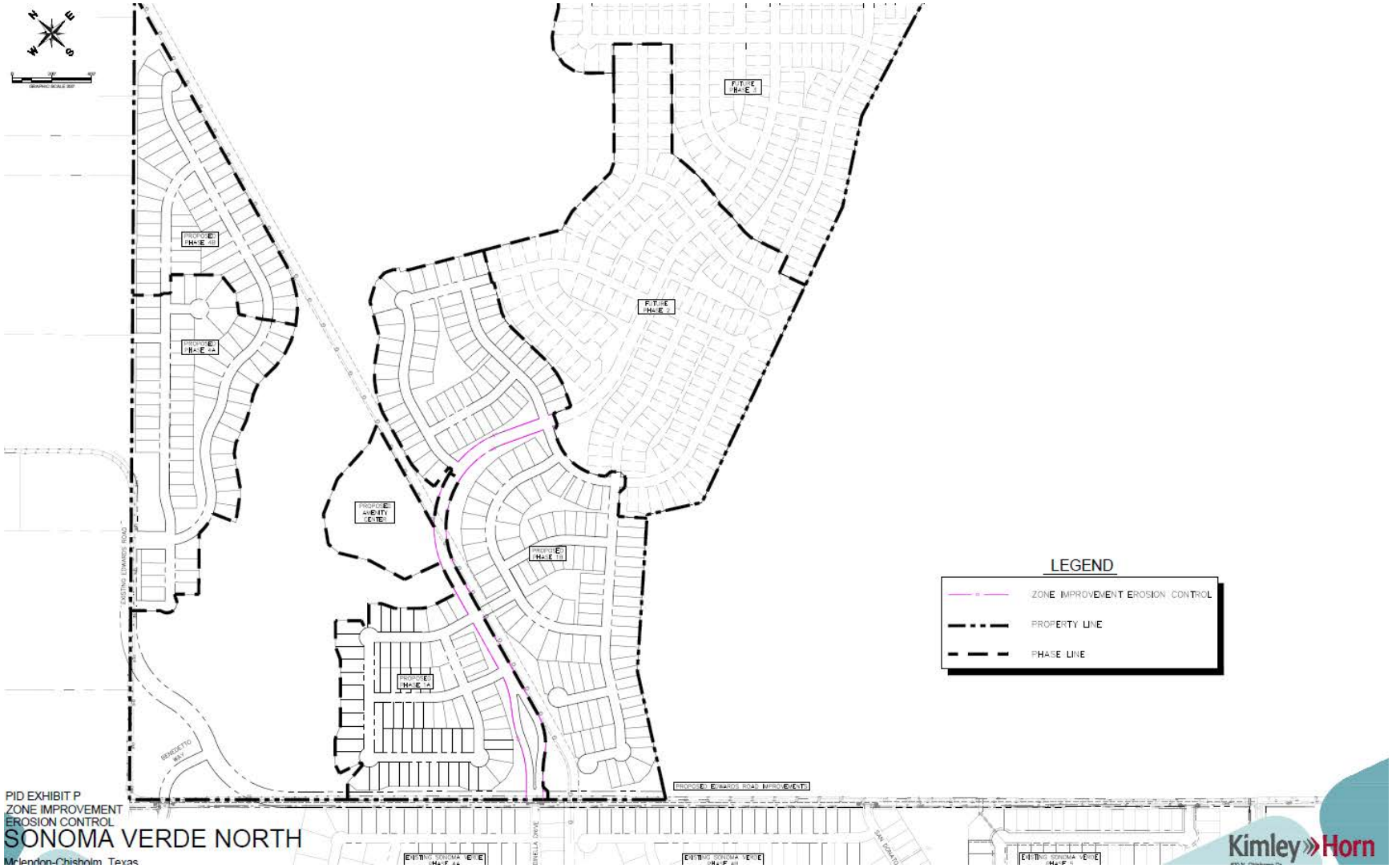
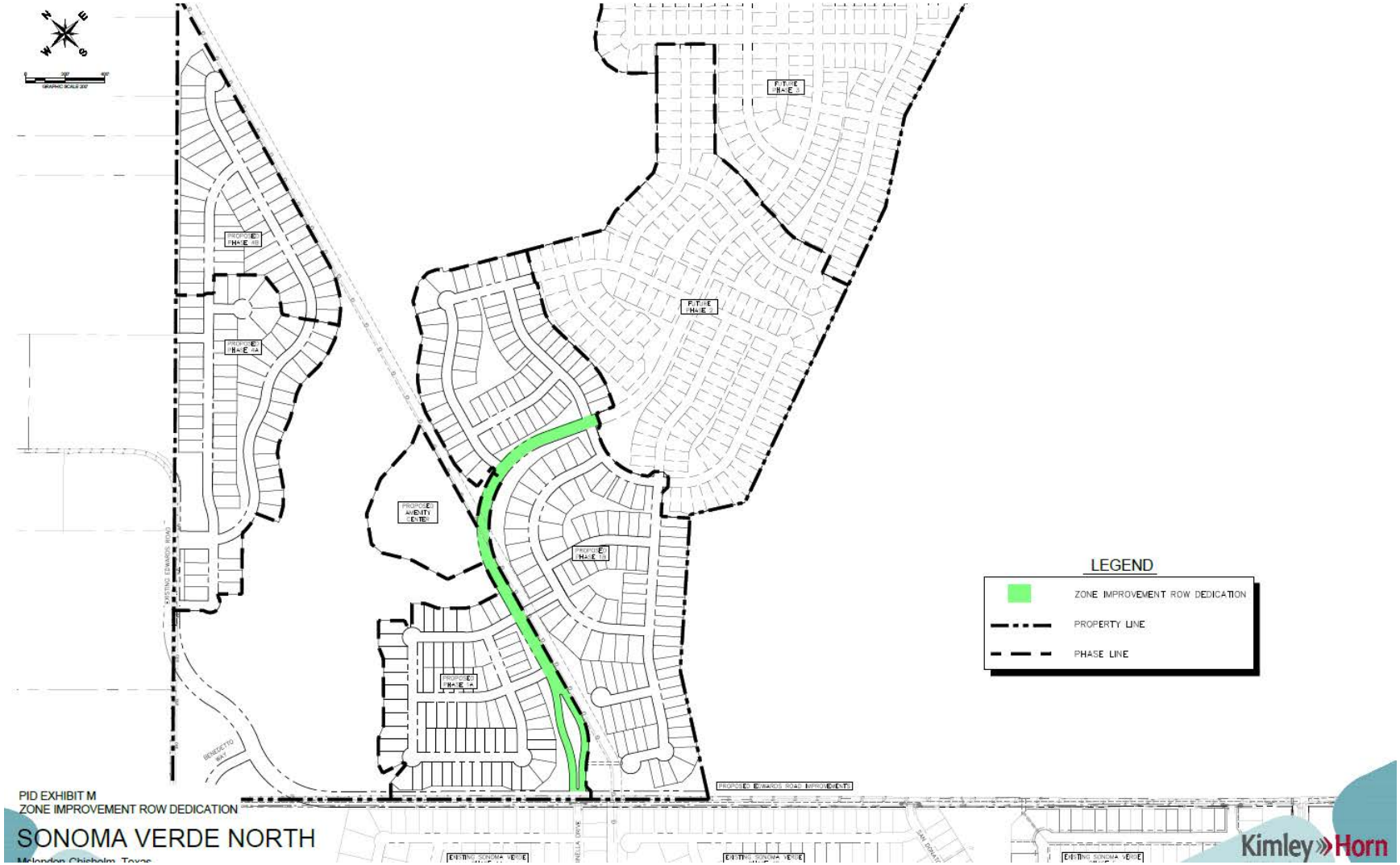

LEGEND
PROPERTY LINE
PHASE LINE

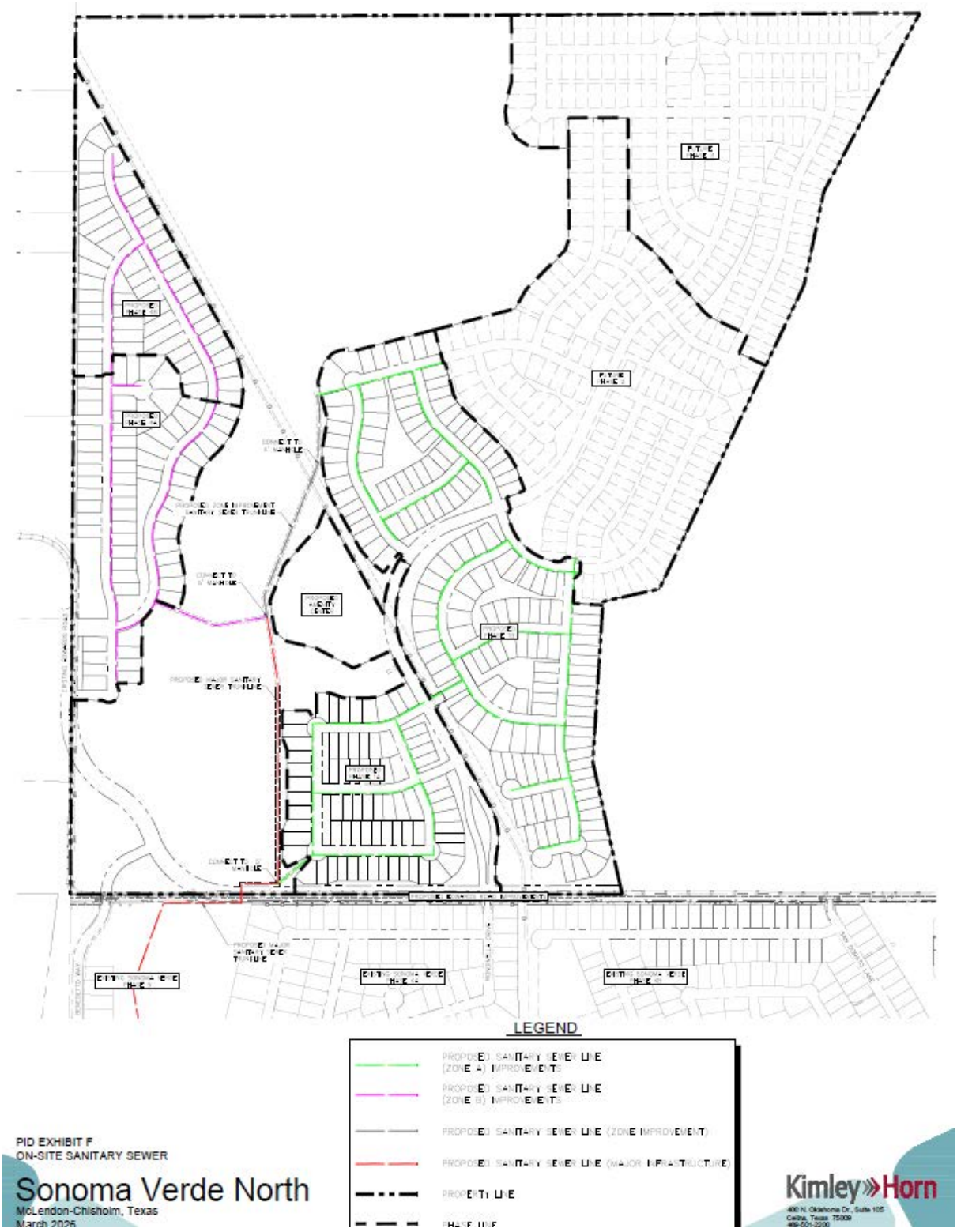
EXHIBIT H-2 – MAPS OF ZONE A IMPROVEMENTS





PID EXHIBIT O
ZONE IMPROVEMENT STREETS


LEGEND
ZONE IMPROVEMENT ROW DEDICATION
PROPERTY LINE
PHASE LINE
PROPOSED EDWARDS ROAD IMPROVEMENTS
PID EXHIBIT M
ZONE IMPROVEMENT ROW DEDICATION
SONOMA VERDE NORTH
Kimley»Horn


LEGEND
PROPOSED SANITARY SEWER LINE (ZONE A) IMPROVEMENTS
PROPOSED SANITARY SEWER LINE (ZONE B) IMPROVEMENTS
PROPOSED SANITARY SEWER LINE (ZONE IMPROVEMENT)
PROPOSED SANITARY SEWER LINE (MAJOR INFRASTRUCTURE)
PROPERTY LINE
PID EXHIBIT F
ON-SITE SANITARY SEWER
Sonoma Verde North
McLendon-Chisholm, Texas
March 2026
Kimley»Horn

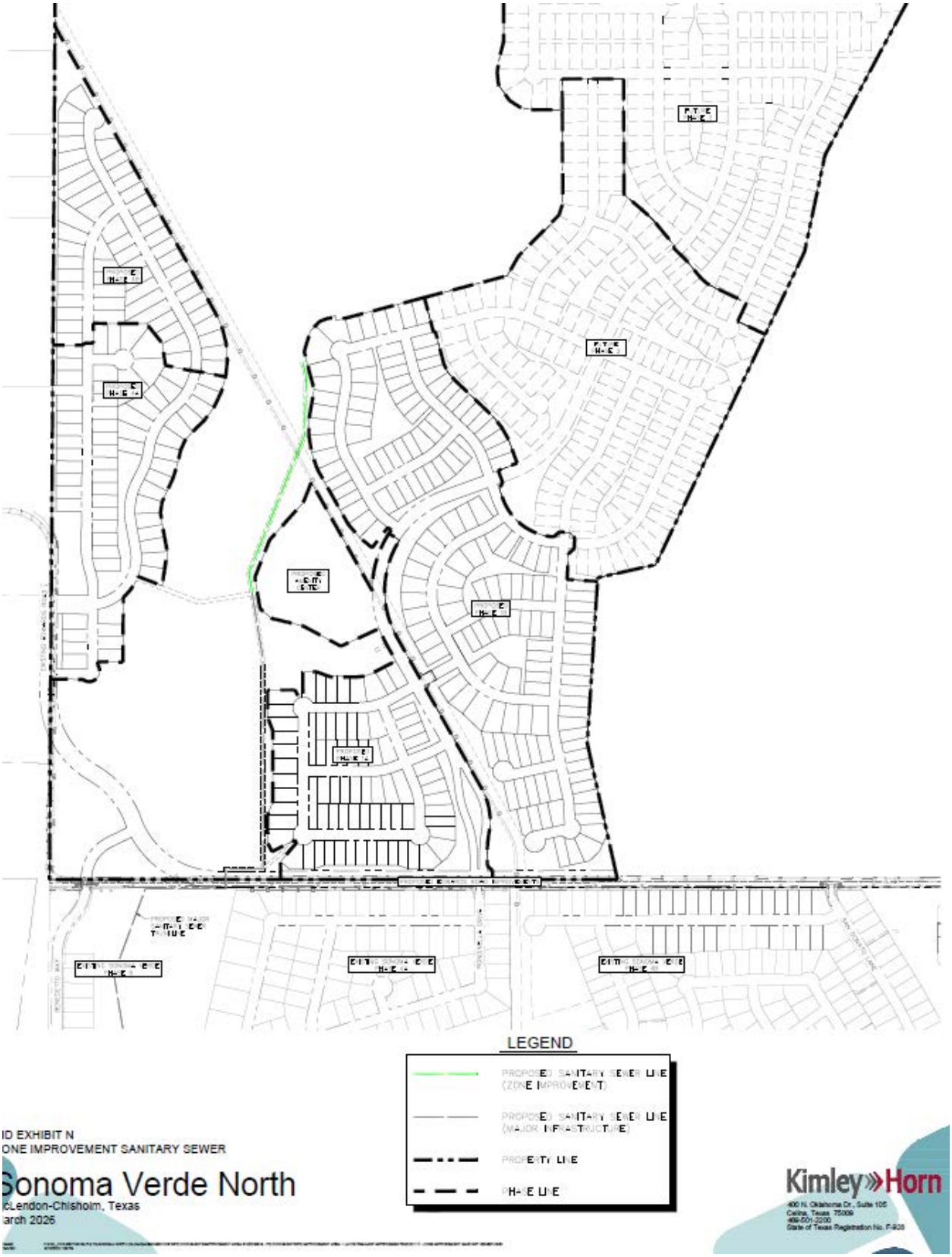
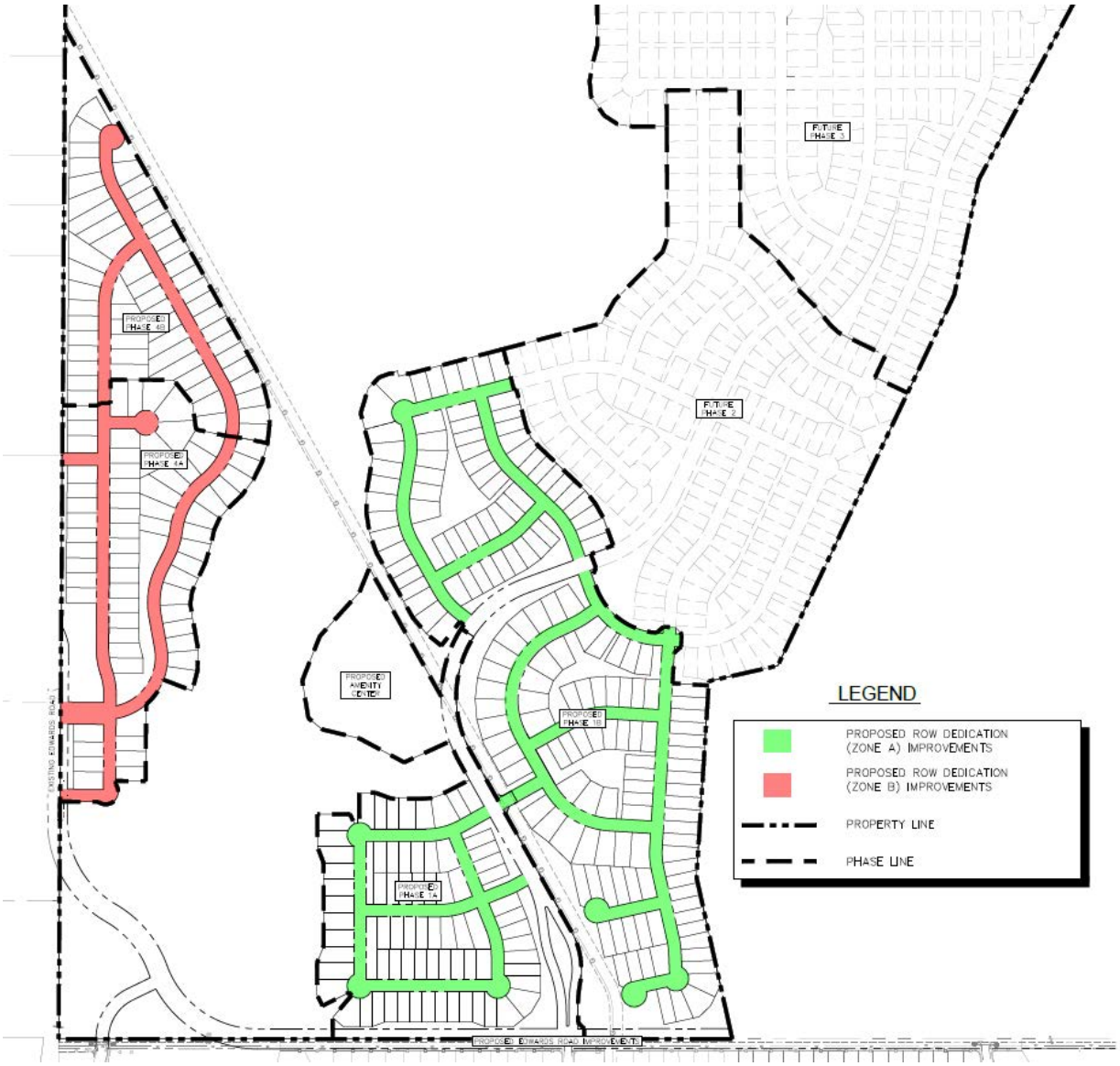
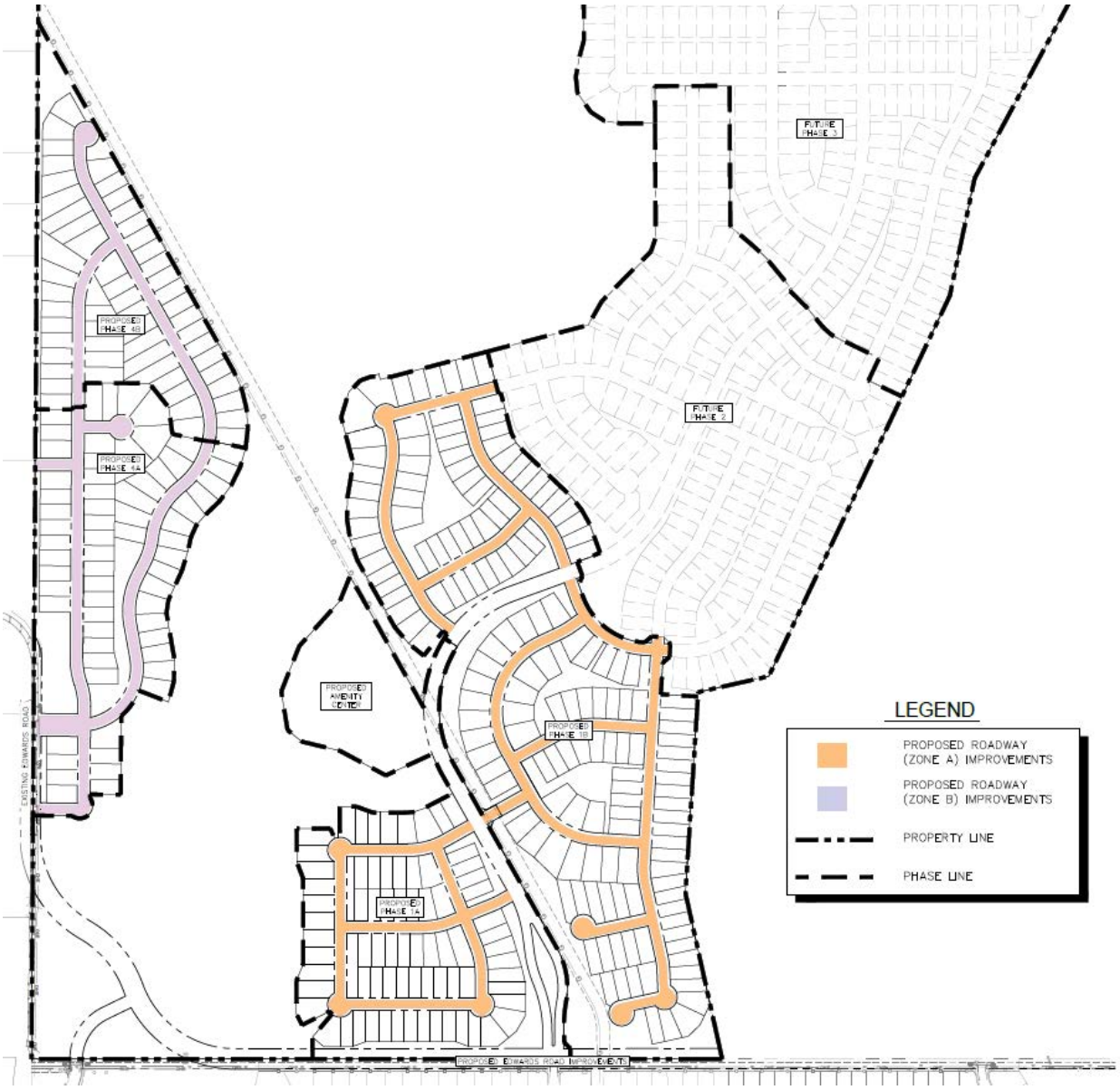
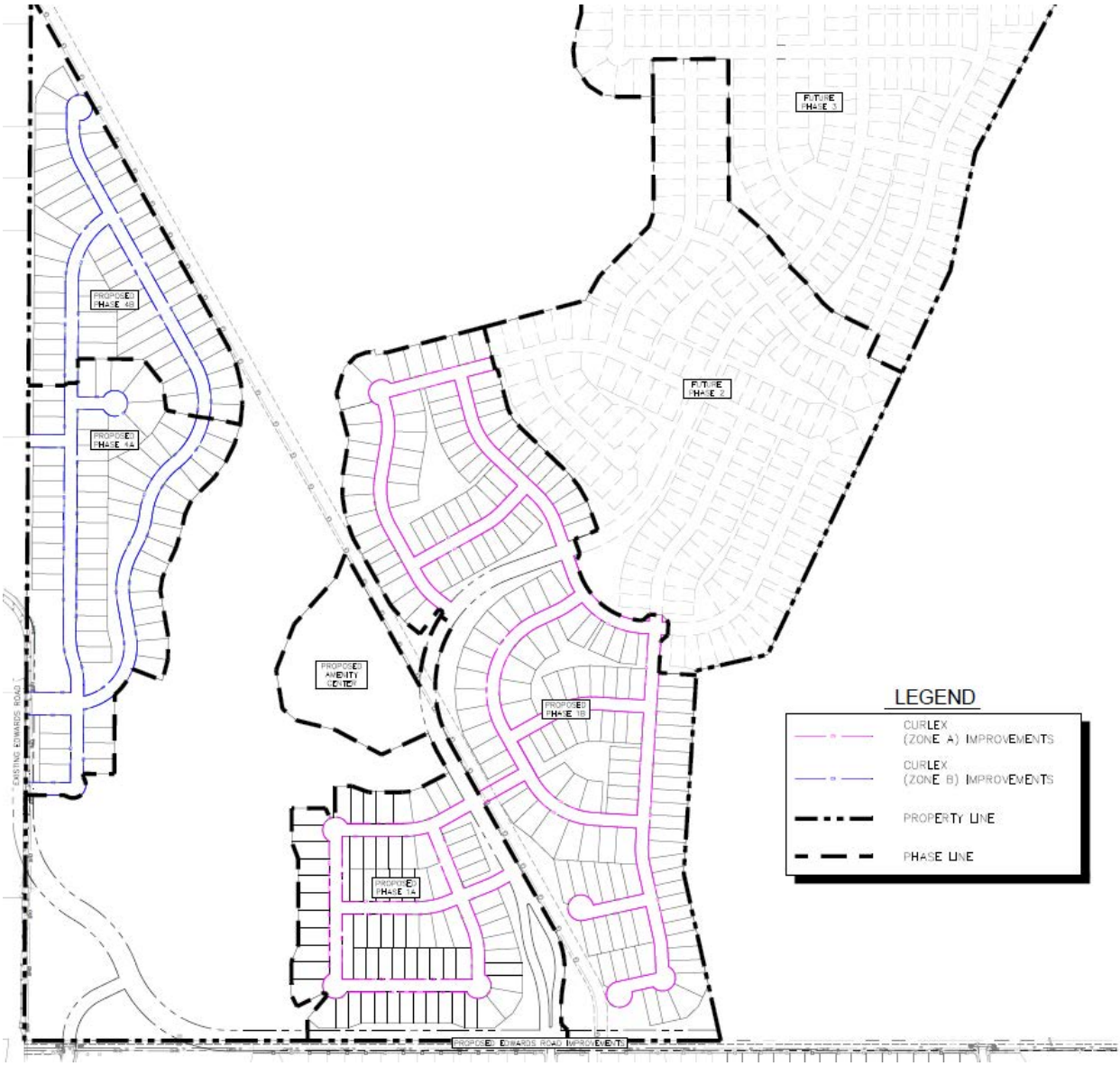
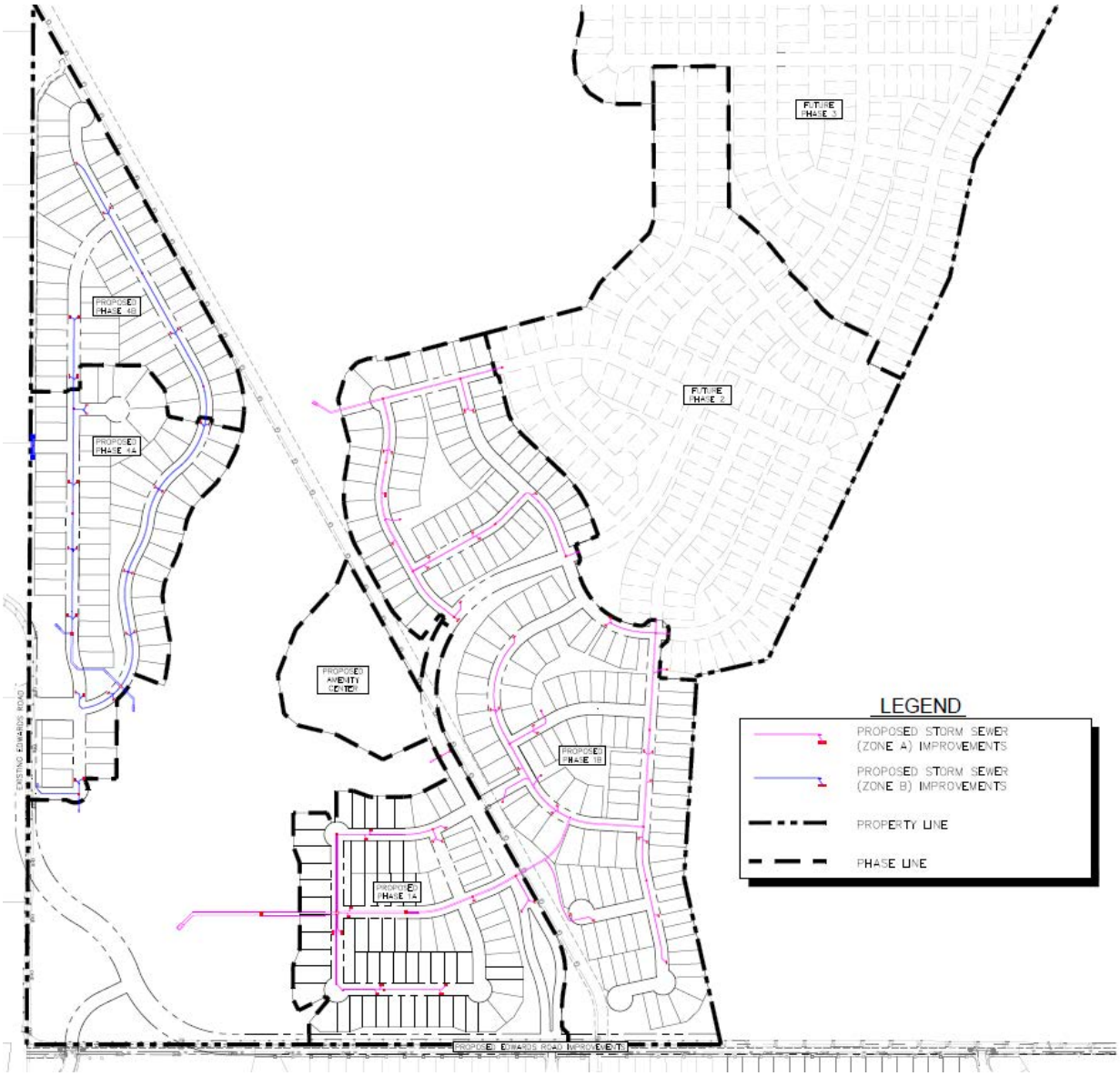

LEGEND
PROPOSED SANITARY SEWER LINE (ZONE IMPROVEMENT)
PROPOSED SANITARY SEWER LINE (MAJOR INFRASTRUCTURE)
PROPERTY LINE
PHASE LINE
ID EXHIBIT N
ONE IMPROVEMENT SANITARY SEWER
Sonoma Verde North
cLendon-Chisholm, Texas
arch 2026
Kimley»Horn

EXHIBIT H-3 – MAPS OF ZONE A IMPROVEMENT AREA #1 IMPROVEMENTS AND ZONE B IMPROVEMENT AREA #1 IMPROVEMENTS




FUTURE PHASE 3
FUTURE PHASE 2
PROPOSED PHASE 4B
PROPOSED PHASE 4A
PROPOSED AMENITY CENTER
PROPOSED PHASE 1B
PROPOSED PHASE 1A
EXISTING EDWARDS ROAD
PROPOSED EDWARDS ROAD IMPROVEMENTS
LEGEND
PROPOSED ROADWAY (ZONE A) IMPROVEMENTS
PROPOSED ROADWAY (ZONE B) IMPROVEMENTS
PROPERTY LINE
PHASE LINE


FUTURE PHASE 3
FUTURE PHASE 2
PROPOSED PHASE 4B
PROPOSED PHASE 4A
PROPOSED AMENITY CENTER
PROPOSED PHASE 1B
PROPOSED PHASE 1A
EXISTING EDWARDS ROAD
PROPOSED EDWARDS ROAD IMPROVEMENTS
LEGEND
CURLEX (ZONE A) IMPROVEMENTS
CURLEX (ZONE B) IMPROVEMENTS
PROPERTY LINE
PHASE LINE


FUTURE PHASE 3
FUTURE PHASE 2
PROPOSED PHASE 4B
PROPOSED PHASE 4A
PROPOSED AMENITY CENTER
PROPOSED PHASE 1B
PROPOSED PHASE 1A
EXISTING EDWARDS ROAD
PROPOSED EDWARDS ROAD IMPROVEMENTS
LEGEND
PROPOSED STORM SEWER (ZONE A) IMPROVEMENTS
PROPOSED STORM SEWER (ZONE B) IMPROVEMENTS
PROPERTY LINE
PHASE LINE

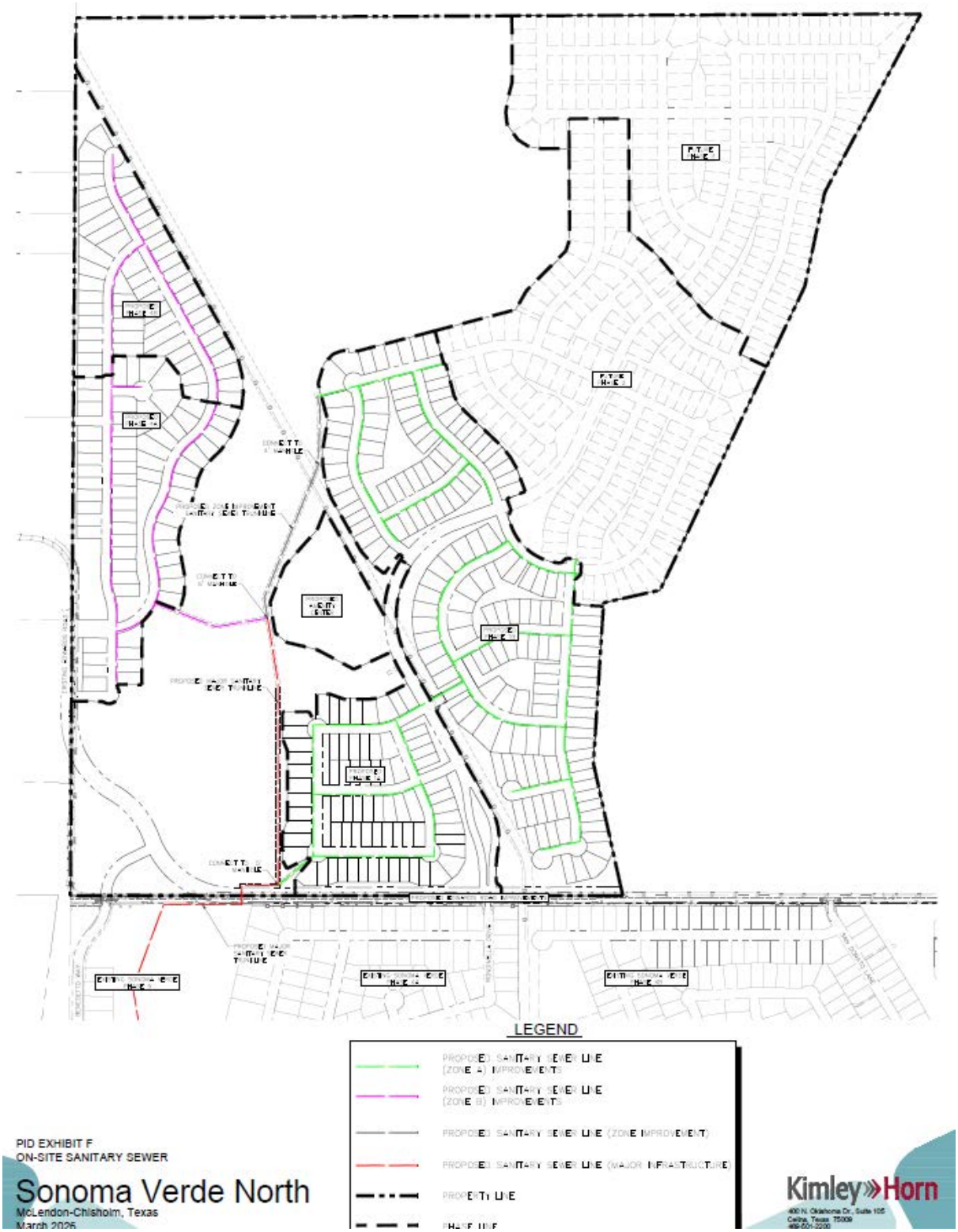

LEGEND
PROPOSED SANITARY SEWER LINE (ZONE A IMPROVEMENT)
PROPOSED SANITARY SEWER LINE (ZONE B IMPROVEMENT)
PROPOSED SANITARY SEWER LINE (ZONE I IMPROVEMENT)
PROPOSED SANITARY SEWER LINE (MAJOR INFRASTRUCTURE)
PROPERTY LINE
PID EXHIBIT F
ON-SITE SANITARY SEWER
Sonoma Verde North
McLendon-Chisholm, Texas
March 2026
Kimley»Horn

EXHIBIT I – FORM OF NOTICE OF ASSESSMENT TERMINATION

P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Rockwall County Clerk's Office
Honorable [County Clerk]
1111 E Yellow Jacket Ln #100
Rockwall, TX 75087

Re: City of McLendon-Chisholm Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of McLendon-Chisholm 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 McLendon-Chisholm
Attn: City Secretary
1371 West FM 550,
McLendon-Chisholm, Texas 75032

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]
1371 West FM 550,
McLendon-Chisholm, Texas 75032

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 ROCKWALL	**§**	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of McLendon-Chisholm, Texas, a Texas home rule municipality (the “City”).

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council”) of McLendon-Chisholm, 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 or extraterritorial jurisdiction of the City; and

WHEREAS, on April 22, 2025, the City Council of McLendon-Chisholm approved Resolution No. 2025-06 creating the Sonoma Verde North Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 314.7 contiguous acres within the corporate limits and extraterritorial jurisdiction 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 within the District, the Assessment Ordinance being recorded on _____, as Instrument No. _____ in the official public records of Rockwall 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 McLendon-Chisholm, Rockwall, Texas, according to the map or plat thereof recorded as Instrument No. _____ in the Map Records of Rockwall 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 MCLENDON-CHISHOLM, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

_____
[Secretary Name], City Secretary

STATE OF TEXAS §
§
COUNTY OF ROCKWALL §

This instrument was acknowledged before me on the ____ day of _____, 20__, by the City Manager for the City of McLendon-Chisholm, Texas, a Texas home rule municipality, on behalf of said municipality.

_____
Notary Public, State of Texas

EXHIBIT J-1 – DEBT SERVICE SCHEDULE FOR SERIES 2026 BONDS

[To be Provided]

EXHIBIT K-1 – DISTRICT LEGAL DESCRIPTION

LEGAL DESCRIPTION
(Approximately 314.7 acres)

BEING a tract of land situated in the Franklin Bauguss Survey, Abstract No. 7, Rockwall County, Texas and being all of a called 316.9-acre tract of land described in deed to Sue H. Sloan, Trustee as recorded in Volume 7054, Page 155, Official Public Records of Rockwall County, Texas and being further described as follows:

BEGINNING at a 1/2" iron rod found in the southeast line of a called 26.01 acre tract of land described in deed to B&F and Son 3 LP, as recorded in Volume 1451, Page 100, Official Public Records of Rockwall County, Texas, at the east corner of a 1225.7210-acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document Number 20200000003529, Official Public Records of Rockwall County, Texas, same being the north corner of said called 316.9-acre tract;

THENCE South 46°01'04" East, with the common line of said 316.9-acre tract and said 1225.7210 acre tract, a distance of 4,129.87 feet to a point for corner at the easterly corner of said 316.9-acre tract and at the northernmost corner of a called 641.6711-acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document Number 20200000030685, Official Public Records of Rockwall County, Texas;

THENCE with the common line of said 316.9-acre tract and said 641.6711-acre tract, the following courses and distances:

South 72°33'32" West, a distance of 991.29 feet to a 5/8" iron rod found for corner;

South 56°10'31" West, a distance of 469.91 feet to a 5/8" iron rod with plastic cap stamped "PELETON" found for corner;

South 69°41'38" West, a distance of 959.85 feet to a 5/8" iron rod with plastic cap stamped "PELETON" found for corner;

South 69°45'40" West, a distance of 686.39 feet to a cross tie fence post for corner;

North 58°21'47" West, a distance of 282.59 feet to a 5/8" iron rod with plastic cap stamped "PELETON" found for corner;

South 48°02'26" West, a distance of 401.54 feet to a 1/2" iron rod found for corner;

South 47°44'21" West, a distance of 385.24 feet to a 3/8" iron rod found for corner;

South 31°45'56" West, a distance of 664.19 feet to a point for corner in Edwars Road (a variable width right-of-way) at the southernmost corner of said 316.9-acre tract and at the westernmost corner of said 641.6711-acre tract;

THENCE North 45°44'37" West, with the southwest line of said 316.9-acre tract and along Edwards Road, a distance of 2,700.80 feet to a 5/8" iron rod with plastic cap stamped "KHA" found for corner in the southeast line of a called 333.01-acre tract of land described in the deed to Maria A. Pratt, recorded in Volume 1201, Page 125, Official Public Records of Rockwall County, Texas, at the westernmost corner of said 316.9-acre tract and at the northernmost corner of a called 249.214-acre tract of land described in the deed to Land Solutions SV, LLC, recorded in Document No. 20180000014913, Official Public Records of Rockwall County, Texas;

THENCE North 44°36'47" East, with the north line of said 316.9-acre tract, and along said Edwards Road, and with the southeast line of a called 12.39-acre tract of land described in the deed to Steven and Megin Danna, Peter Danna and Kenneth Pearce, recorded in Volume 3282, Page 270, Official Public Records of Rockwall County, Texas, the southeast line of a called 40.00-acre tract of land described in the deed to Denise Wang, recorded in Volume 2219, Page 16, Official Public Records of Rockwall County, Texas, the southeast line of a called 5.00-acre tract of land described in the deed to Samuel G. Hafertepe and Lisa A. Hafertepe, recorded in Document No. 20170000020082, Official Public Records of Rockwall County, Texas, and the southeast line of a called 10.00-acre tract of land described in the deed to Laura Lynn Bjeles, recorded in Document No. 20220000009449, Official Public Records of Rockwall County, Texas, a distance of 2,337.90 feet to a 1/2" iron rod found for corner at the easternmost corner of said 10.00 acre tract and at the southernmost corner of a called 40.00-acre tract of land described in the deed to Atasin Avowal, LLC, recorded in Volume 7106, Page 260, Official Public Records of Rockwall County, Texas;

THENCE North 44°38'47" East, with the northwest line of said 316.9-acre tract and the southeast line of said 40.00-acre tract, and the southeast line of a called 10-acre tract of land described in the deed to Corey Smith and Wife, Destiny Smith, recorded in Document No. 20230000016924, Official Public Records of Rockwall County, Texas, the southeast line of a called 10-acre tract of land described in the deed to Victoria Purcell, recorded in Volume 5997, Page 176, Official Public Records of Rockwall County, Texas, the southeast line of a called 20.00-acre tract of land described in the deed to S. Mark Olmstead and wife Alyce A. Olmstead, recorded in Volume 1451, Page 100, Official Public Records of Rockwall County, Texas, and the southeast line of said 26.01-acre tract, a distance of 1,956.70 feet to the **POINT OF BEGINNING** and containing 13,709,489 square feet or 314.727 acres of land.

EXHIBIT K-2 – ZONE A LEGAL DESCRIPTION

ZONE A OVERALL PROPERTY DESCRIPTION

BEING a tract of land situated in the Franklin Bauguss Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being all of the called 102.713 acre tract of land described in deed to Sloan 108 Land Investors, LLC as recorded in Document No. 20250000011434, Official Public Records of Rockwall County, Texas (O.P.R.R.C.T.), and a portion of a called 212.013 acre tract of land described in deed to Pulte Homes of Texas, L.P. as recorded in Document No. 20250000011591, O.P.R.R.C.T., also being all of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093, O.P.R.R.C.T., and being further described as follows:

BEGINNING at a mag-nail found at the southernmost corner of said 212.013 acre and 164.377 acre tract and at the westernmost corner of a called 641.6711 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000030685, O.P.R.R.C.T., in Edwards Road (a variable width right-of-way);

THENCE North 45°44'37" West, with the southwest line of said 212.013 acre and said 164.377 acre tract and along Edwards Road, a distance of 2,700.80 feet to a 5/8" iron rod with plastic cap stamped "KHA" found for corner in the southeast line of a called 333.01 acre tract of land described in the deed to Maria A. Pratt, recorded in Volume 1201, Page 125, O.P.R.R.C.T., at the westernmost corner of said 212.013 acre tract and at the northernmost corner of a called 249.214 acre tract of land described in the deed to Land Solutions SV, LLC, recorded in Document No. 20180000014913, O.P.R.R.C.T.;

THENCE North 44°36'47" East, with the north line of said 212.013 acre tract, and along said Edwards Road, and with the southeast line of a called 12.39 acre tract of land described in the deed to Steven and Megin Danna, Peter Danna and Kenneth Pearce, recorded in Volume 3282, Page 270, O.P.R.R.C.T., the southeast line of a called 40.00 acre tract of land described in the deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T., a distance of 951.48 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

South 45°22'19" East, a distance of 152.76 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of North 89°37'41" East, 98.99 feet;

With said non-tangent curve to the left, an arc distance of 142.89 feet to a point for corner;

North 44°37'41" East, a distance of 13.78 feet to a point for corner;

South 45°22'19" East, a distance of 120.00 feet to a point for corner;

North 44°37'41" East, a distance of 307.63 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of North 79°25'52" East, 120.90 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 122.11 feet to a point for corner in the northwesterly line of said 164.377 acre tract;

THENCE with said northwesterly line and the southeasterly lines of a tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P., as recorded in Document No. 20260000009931, O.P.R.R.C.T., the following bearings and distances:

South 24°33'40" East, a distance of 122.97 feet to a point for corner;

North 59°02'10" East, a distance of 82.95 feet to a point for corner;

North 46°18'14" East, a distance of 82.71 feet to a point for corner;

North 34°04'48" East, a distance of 130.46 feet to a point for corner;

North 35°26'35" East, a distance of 57.16 feet to a point for corner;

North 53°09'56" East, a distance of 52.29 feet to a point for corner;

North 67°25'45" East, a distance of 56.04 feet to a point for corner;

North 70°24'57" East, a distance of 19.72 feet to a point for corner;

North 73°04'06" East, a distance of 37.57 feet to a point for corner;

North 63°06'13" East, a distance of 77.92 feet to a point for corner;

North 53°08'21" East, a distance of 23.59 feet to a point for corner;

North 56°48'01" East, a distance of 47.37 feet to a point for corner;

North 68°51'36" East, a distance of 23.32 feet to a point for corner;

ZONE A OVERALL IMPROVEMENT AREA #1
FRANKLIN BAUGUSS SURVEY, ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

Kimley»Horn
400 North Oklahoma Dr., Suite 105
Celina, Texas 75009
FIRM # 10115500
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N/A	SPA	DRA	May 2026	067705155	1 OF 3

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North 84°23'13" East, a distance of 141.21 feet to a point for corner;

South 89°42'21" East, a distance of 16.17 feet to a point for corner;

North 80°19'26" East, a distance of 77.59 feet to a point for corner;

North 70°21'41" East, a distance of 77.59 feet to a point for corner;

North 60°23'49" East, a distance of 77.59 feet to a point for corner;

North 50°25'57" East, a distance of 77.59 feet to a point for corner;

North 40°28'05" East, a distance of 77.59 feet to a point for corner;

North 30°30'13" East, a distance of 77.59 feet to a point for corner;

North 20°32'20" East, a distance of 70.72 feet to a point for corner;

North 14°58'42" East, a distance of 15.16 feet to a point for corner;

North 22°36'35" East, a distance of 8.52 feet to a point for corner;

North 00°00'07" West, a distance of 4.38 feet to a point for corner;

North 15°08'14" East, a distance of 1,549.60 feet to a point in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01 acre tract of land described in deed to B&F and Son 3 LP as recorded in Volume 1451, Page 100, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast line of said 26.01 acre tract, a distance of 234.66 feet to a 1/2-inch iron rod found at the north corner of said 212.013 acre tract and the west corner of a called 1225.721 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000003529, O.P.R.R.C.T.;

THENCE South 46°01'04" East, with the northeast line of both said 212.013 acre tract and the 102.713-acre tract and the southwest line of both said 1225.721 acre tract and a called 5.000 acre tract of land described in deed to Joshua A. Bethke as recorded in Document No. 20240000019997, O.P.R.R.C.T., a distance of 4,129.87 feet to a point for corner at the east corner of said 102.713 acre tract and the northernmost corner of said 641.6711-acre tract;

THENCE with the common line of said 102.713 acre tract, 212.013 acre tract and said 641.6711 acre tract, the following courses:

South 72°33'32" West, a distance of 991.29 feet to a 5/8-inch iron rod found for corner;

South 56°10'31" West, a distance of 469.91 feet to a 5/8-inch iron rod found with plastic cap stamped "PELETON" found for corner;

South 69°41'38" West, a distance of 959.85 feet to a 5/8-inch iron rod found with plastic cap stamped "PELETON" found for corner;

South 69°45'40" West, a distance of 686.39 feet to a cross tie fence post for corner;

North 58°21'47" West, a distance of 282.59 feet to a 5/8-inch iron rod found with plastic cap stamped "PELETON";

South 48°02'26" West, a distance of 401.54 feet to a 1/2-inch iron rod found for corner;

South 47°44'21" West, a distance of 385.24 feet to a 3/8-inch iron rod found for corner;

South 31°45'56" West, a distance of 664.19 feet to the **POINT OF BEGINNING** and containing 12,182,091 square feet or 279.662 acres of land.

PRELIMINARY

THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT

DANIEL R. ARTHUR
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 5933
400 NORTH OKLAHOMA DRIVE
SUITE 105
CELINA, TEXAS 75009
PH. 469-501-2200
daniel.arthur@kimley-horn.com

ZONE A OVERALL IMPROVEMENT AREA #1
FRANKLIN BAUGUSS SURVEY, ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

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N/A	SPA	DRA	May, 2026	067705155	2 OF 3

EXHIBIT K-3 – ZONE A IMPROVEMENT AREA #1 LEGAL DESCRIPTION

ZONE A IMPROVEMENT AREA #1 (PHASE 1A/1B) DESCRIPTION

BEING a tract of land situated in the Franklin BAUGUSS Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being a portion of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093 Official Public Records, Rockwall County, Texas (O.P.R.R.C.T.), and a portion of a called 212.013 acre tract of land conveyed to Pulte Homes of Texas L.P., recorded in Document No. 20250000011591 O.P.R.R.C.T., and being more particularly described as follows:

BEGINNING at a mag-nail found at the southernmost corner of said 212.013 acre and 164.377 acre tract and at the westernmost corner of a called 641.6711 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000030685, O.P.R.R.C.T., in Edwards Road (a variable width right-of-way);

THENCE North 45°44'37" West, with the southwest line of said 212.013 acre and 164.377 acre tract and along Edwards Road, a distance of 2,700.80 feet to a 5/8" iron rod with plastic cap stamped "KHA" found for corner in the southeast line of a called 333.01 acre tract of land described in the deed to Maria A. Pratt, recorded in Volume 1201, Page 125, O.P.R.R.C.T., at the westernmost corner of said 212.013 acre tract and at the northernmost corner of a called 249.214 acre tract of land described in the deed to Land Solutions SV, LLC, recorded in Document No. 20180000014913, O.P.R.R.C.T.;

THENCE North 44°36'47" East, with the north line of said 212.013 acre tract, and along said Edwards Road, and with the southeast line of a called 12.39 acre tract of land described in the deed to Steven and Megin Danna, Peter Danna and Kenneth Pearce, recorded in Volume 3282, Page 270, O.P.R.R.C.T., the southeast line of a called 40.00 acre tract of land described in the deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T. a distance of 951.48 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

South 45°22'19" East, a distance of 152.76 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of North 89°37'41" East, 98.99 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 142.89 feet to a point for corner;

North 44°37'41" East, a distance of 13.78 feet to a point for corner;

South 45°22'19" East, a distance of 120.00 feet to a point for corner;

North 44°37'41" East, a distance of 307.63 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of North 79°25'52" East, 120.90 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 122.11 feet to a point for corner in the northwesterly line of said 164.377 acre tract;

THENCE with said northwesterly line, and the southeasterly lines of a tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P., as recorded in Document No. 20260000009931, O.P.R.R.C.T., the following bearings and distances:

South 24°33'40" East, a distance of 122.97 feet to a point for corner;

North 59°02'10" East, a distance of 82.95 feet to a point for corner;

North 46°18'14" East, a distance of 82.71 feet to a point for corner;

North 34°04'48" East, a distance of 130.46 feet to a point for corner;

North 35°26'35" East, a distance of 57.16 feet to a point for corner;

North 53°09'56" East, a distance of 52.29 feet to a point for corner;

North 67°25'45" East, a distance of 56.04 feet to a point for corner;

North 70°24'57" East, a distance of 19.72 feet to a point for corner;

ZONE A IMPROVEMENT AREA #1
(PHASE 1A/1B)
FRANKLIN BAUGUSS SURVEY,
ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

Kimley»Horn
400 North Oklahoma Dr., Suite 105
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Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SPA	DRA	Jun. 2026	067705155	1 OF 5

North 73°04'06" East, a distance of 37.57 feet to a point for corner;

North 63°06'13" East, a distance of 77.92 feet to a point for corner;

North 53°08'21" East, a distance of 23.59 feet to a point for corner;

North 56°48'01" East, a distance of 47.37 feet to a point for corner;

North 68°51'36" East, a distance of 23.32 feet to a point for corner;

North 84°23'13" East, a distance of 141.21 feet to a point for corner;

South 89°42'21" East, a distance of 16.17 feet to a point for corner;

North 80°19'26" East, a distance of 77.59 feet to a point for corner;

North 70°21'41" East, a distance of 77.59 feet to a point for corner;

North 60°23'49" East, a distance of 77.59 feet to a point for corner;

North 50°25'57" East, a distance of 77.59 feet to a point for corner;

North 40°28'05" East, a distance of 77.59 feet to a point for corner;

North 30°30'13" East, a distance of 77.59 feet to a point for corner;

North 20°32'20" East, a distance of 70.72 feet to a point for corner;

North 14°58'42" East, a distance of 15.16 feet to a point for corner;

North 22°36'35" East, a distance of 8.52 feet to a point for corner;

North 00°00'07" West, a distance of 4.38 feet to a point for corner;

North 15°08'14" East, a distance of 1,549.60 feet to a point for corner in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01-acre tract of land described in deed to B&F and Son 3 LP as recorded in Volume 1451, Page 100, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast line of said 26.01 acre tract, a distance of 234.66 feet to a 1/2-inch iron rod found at the north corner of said 212.013 acre tract and the west corner of a called 1225.721 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000003529, O.P.R.R.C.T.;

THENCE South 46°01'04" East, with the northeast line of said 212.013 acre tract and the southwest line of said 1225.721 acre tract and a called 5.000 acre tract of land described in deed to Joshua A. Bethke as recorded in Document No. 20240000019997, O.P.R.R.C.T., a distance of 1,490.77 feet to a 5/8-inch iron rod set capped (stamped "KHA") for the most east corner of said 212.013 acre tract and the north corner of a called 102.713 acre tract of land described in deed to Sloan 108 Land Investors, LLC as recorded in Document No. 20250000011434, O.P.R.R.C.T.;

ZONE A IMPROVEMENT AREA #1
(PHASE 1A/1B)
FRANKLIN BAUGUSS SURVEY,
ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

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Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SPA	DRA	Jun. 2026	067705155	2 OF 5

THENCE with the common line of said 212.013 acre tract and said 102.713 acre tract, the following courses:

South 44°01'28" West, a distance of 241.91 feet to a point for corner;

South 32°58'43" West, a distance of 26.47 feet to a point for corner;

South 09°01'42" West, a distance of 104.54 feet to a point for corner;

South 05°05'09" West, a distance of 188.74 feet to a point for corner;

South 06°52'50" East, a distance of 120.51 feet to a point for corner;

South 09°39'50" West, a distance of 140.38 feet to a point for corner;

South 02°55'04" West, a distance of 91.69 feet to a point for corner;

South 26°04'29" West, a distance of 147.06 feet to a point for corner;

North 83°43'52" West, a distance of 69.55 feet to a point for corner;

North 77°45'04" West, a distance of 103.00 feet to a point for corner;

South 87°07'47" West, a distance of 78.40 feet to a point for corner;

South 76°23'13" West, a distance of 130.98 feet to a point for corner;

North 84°52'34" West, a distance of 78.93 feet to a point for corner;

North 78°34'13" West, a distance of 99.04 feet to a point for corner;

South 89°56'01" West, a distance of 63.22 feet to a point for corner;

South 85°15'06" West, a distance of 26.16 feet to a point for corner;

South 31°02'36" West, a distance of 30.28 feet to a point for corner;

South 03°30'46" West, a distance of 23.45 feet to a point for corner;

South 11°23'05" East, a distance of 58.40 feet to a point for corner;

South 26°38'59" East, a distance of 56.86 feet to a point for corner;

South 33°58'28" East, a distance of 73.49 feet to a point for corner;

South 20°42'23" East, a distance of 127.12 feet to a point for corner;

South 29°38'12" West, a distance of 25.92 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

North 60°25'59" West, a distance of 48.98 feet to a point for corner;

South 29°34'01" West, a distance of 170.00 feet to a point for corner;

ZONE A IMPROVEMENT AREA #1
(PHASE 1A/1B)
FRANKLIN BAUGUSS SURVEY,
ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

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N/A	SPA	DRA	Jun. 2026	067705155	3 OF 5

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South 60°25'59" East, a distance of 9.73 feet to a point for corner;

South 29°34'01" West, a distance of 159.13 feet to a point for corner;

South 18°49'49" West, a distance of 43.86 feet to a point for corner;

South 02°50'15" West, a distance of 45.11 feet to a point for corner;

South 02°11'16" East, a distance of 258.29 feet to a point for corner;

South 06°13'34" West, a distance of 64.83 feet to a point for corner;

South 14°55'35" West, a distance of 64.86 feet to a point for corner;

South 24°23'47" West, a distance of 118.30 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 470.00 feet, a central angle of 06°22'01", and a chord bearing and distance of North 68°47'14" West, 52.20 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 52.23 feet to a point for corner;

North 65°36'13" West, a distance of 43.88 feet to a point for corner;

South 24°23'47" West, a distance of 60.00 feet to a point for corner;

South 69°23'47" West, a distance of 35.36 feet to a point for corner;

South 24°23'47" West, a distance of 48.43 feet to a point for corner at the beginning of a tangent curve to the left with a radius of 275.00 feet, a central angle of 66°36'05", and a chord bearing and distance of South 08°54'15" East, 301.97 feet;

In a southerly direction, with said tangent curve to the left, an arc distance of 319.66 feet to a point for corner;

South 86°29'57" East, a distance of 35.80 feet to a point for corner;

South 42°12'18" East, a distance of 50.00 feet to a point for corner;

South 02°47'42" West, a distance of 35.36 feet to a point for corner;

South 47°47'42" West, a distance of 50.00 feet to a point for corner;

North 87°12'18" West, a distance of 35.36 feet to a point for corner;

South 47°47'42" West, a distance of 123.14 feet to a point for corner;

South 42°12'18" East, a distance of 145.36 feet to a point for corner in a southeast line of said 212.013 acre tract and a northwest line of said 641.6711 acre tract, from which a 5/8-inch iron rod found with plastic cap (stamped "Pelton") for an inner corner of both said 212.013 acre tract and 641.6711 acre tract, bears North 48°02'26" East, 17.64 feet;

THENCE with the common line of said 212.013 acre tract and said 641.6711 acre tract, the following courses:

South 48°02'26" West, a distance of 383.90 feet to a 1/2-inch iron rod found for corner;

South 47°44'21" West, a distance of 385.24 feet to a 3/8-inch iron rod found for corner;

THENCE South 31°45'56" West, a distance of 664.19 feet to the **POINT OF BEGINNING** and containing 7,567,388 square feet or 173.723 acres of land.

ZONE A IMPROVEMENT AREA #1
(PHASE 1A/1B)
FRANKLIN BAUGUSS SURVEY,
ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

PRELIMINARY

THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT

DANIEL R. ARTHUR
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 5933
400 NORTH OKLAHOMA DRIVE
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N/A	SPA	DRA	Jun. 2026	067705155	4 OF 5

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EXHIBIT K-4 – ZONE B IMPROVEMENT AREA #1 LEGAL DESCRIPTION

ZONE B IMPROVEMENT AREA #1 (PHASE 4A/4B) DESCRIPTION

BEING a tract of land situated in the Franklin Bauguss Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being a portion of a called 212.013 acre tract of land described in deed to Pulte Homes of Texas, L.P. as recorded in Document No. 20250000011591, Official Public Records of Rockwall County, Texas (O.P.R.R.C.T.), and being all of a called tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P. as recorded in Document No. 20260000009931, O.P.R.R.C.T., and being further described as follows:

BEGINNING at a point in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01 acre tract of land described in deed to B&F and Son 3 LP, as recorded in Volume 1451, Page 100, O.P.R.R.C.T., same being a northwest line of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093, O.P.R.R.C.T., from which a 1/2-inch iron rod found for the north corner of said 212.013 acre tract bears North 44°38'47" East, a distance of 234.66 feet;

THENCE over and across said 212.013 acre tract, with the northwesterly line of said 164.377 acre tract, also being along the southeasterly lines of said Tract 1, Tract 2, and Tract 3, the following courses:

South 15°08'14" West, a distance of 1,549.60 feet to a point for corner;

South 00°00'07" East, a distance of 4.38 feet to a point for corner;

South 22°36'35" West, a distance of 8.52 feet to a point for corner;

South 14°58'42" West, a distance of 15.16 feet to a point for corner;

South 20°32'20" West, a distance of 70.72 feet to a point for corner;

South 30°30'13" West, a distance of 77.59 feet to a point for corner;

South 40°28'05" West, a distance of 77.59 feet to a point for corner;

South 50°25'57" West, a distance of 77.59 feet to a point for corner;

South 60°23'49" West, a distance of 77.59 feet to a point for corner;

South 70°21'41" West, a distance of 77.59 feet to a point for corner;

South 80°19'26" West, a distance of 77.59 feet to a point for corner;

North 89°42'21" West, a distance of 16.17 feet to a point for corner;

South 84°23'13" West, a distance of 141.21 feet to a point for corner;

South 68°51'36" West, a distance of 23.32 feet to a point for corner;

South 56°48'01" West, a distance of 47.37 feet to a point for corner;

South 53°08'21" West, a distance of 23.59 feet to a point for corner;

South 63°06'13" West, a distance of 77.92 feet to a point for corner;

South 73°04'06" West, a distance of 37.57 feet to a point for corner;

South 70°24'57" West, a distance of 19.72 feet to a point for corner;

South 67°25'45" West, a distance of 56.04 feet to a point for corner;

South 53°09'56" West, a distance of 52.29 feet to a point for corner;

South 35°26'35" West, a distance of 57.16 feet to a point for corner;

South 34°04'48" West, a distance of 130.46 feet to a point for corner;

South 46°18'14" West, a distance of 82.71 feet to a point for corner;

South 59°02'10" West, a distance of 82.95 feet to a point for corner;

ZONE B IMPROVEMENT AREA #1
(PHASE 4A/4B)
FRANKLIN BAUGUSS
SURVEY, ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

Kimley»Horn

400 North Oklahoma Dr., Suite 105
Celina, Texas 75009
FIRM # 10115500
Tel. No. (469) 501-2200
www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SPA	DRA	May, 2026	067705155	1 OF 3

North 24°33'40" West, a distance of 122.97 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of South 79°25'52" West, 120.90 feet;

In a westerly direction, leaving said 164.377 acre tract, with said non-tangent curve to the right, an arc distance of 122.11 feet to a point for corner, in said 212.013 acre tract;

THENCE over and across said 212.013 acre tract the following bearings and distances:

South 44°37'41" West, a distance of 307.63 feet to a point for corner;

North 45°22'19" West, a distance of 120.00 feet to a point for corner;

South 44°37'41" West, a distance of 13.78 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of South 89°37'41" West, 98.99 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 142.89 feet to a point for corner;

North 45°22'19" West, a distance of 152.76 feet to a point for corner in the northwest line of said 212.013 acre tract and the southeast line of a called 40.00 acre tract of land described in deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T., from which a 5/8-inch iron rod found with plastic cap stamped "KHA" for the west corner of said 212.013 acre tract bears South 44°36'47" West, a distance of 951.48 feet;

THENCE North 44°36'47" East, with the northwest line of said 212.013 acre tract and the southeast lines of said 40.00 acre tract, a called 5.00 acre tract of land described in deed to Samuel G. Hafertepe and Lisa A. Hafertepe, recorded in Document No. 20170000020082, O.P.R.R.C.T., and a called 10.00 acre tract of land described in deed to Laura Lynn Bjeles, recorded in Document No. 20220000009449, O.P.R.R.C.T., a distance of 1,386.42 feet to a 1/2-inch iron rod found at the east corner of said 10.00 acre tract and the south corner of a called 40.00 acre tract of land described in the deed to Zion Cornerstone, LLC, recorded in Document No. 20250000002003, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast lines of said 40.00 acre tract, a called 10.00 acre tract of land described in the deed to Victoria Purcell, recorded in Volume 5997, Page 176, O.P.R.R.C.T., a called 20.00 acre tract of land described in the deed to S. Mark Olmstead and wife Alyce A. Olmstead, recorded in Volume 1451, Page 100, O.P.R.R.C.T., and the southeast line of said 26.01 acre tract, a distance of 1,722.05 feet to the **POINT OF BEGINNING** and containing 1,527,398 square feet or 35.064 acres of land.

ZONE B IMPROVEMENT AREA #1
(PHASE 4A/4B)
FRANKLIN BAUGUSS
SURVEY, ABSTRACT NO. 7
CITY OF McLENDON-CHISHOLM
ROCKWALL COUNTY, TEXAS

PRELIMINARY

THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT

DANIEL R. ARTHUR
REGISTERED PROFESSIONAL
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Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SPA	DRA	May. 2026	067705155	2 OF 3

APPENDIX A – ENGINEER'S REPORT

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Kimley»Horn

Sonoma Verde North – Phases 1A, 1B, 4A, 4B & Edwards Road
Engineers Report
May 12, 2026

Introduction:
Sonoma Verde North is a proposed master-planned development consisting of approximately 315-acres and is anticipated to include a total of 690 single-family residential lots. The project is located off Edwards Road near League Road and within the city limits of McLendon-Chisholm, Texas.

Improvement Area #1 is comprised of Zone A Improvement Area #1 (~174-acres) and Zone B (~35- acres), together totaling approximately 209-acres of the overall 315-acre development. The remainder acreage is to be included under Zone A Future Remainder Improvements to be prepared under a separate bond issuance. Improvement Area #1 is projected to include 356 single-family residential lots.

The development components included in the Public Improvement District (PID) are shown graphically on the provided **Exhibits**. A detailed description of these improvements is provided below.

A. Major Improvements

- *Streets:* Improvements to Edwards Road from the western property line to League Road (including the intersection with League Road) and Benedetto Way (extension from existing Sonoma Verde to the newly realigned Edwards Road). These improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within the District.

- *Right-of-Way:* Improvements include right-of-way required to provide street improvements for all lots within the District. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer:* Improvements include the extension of a gravity sewer main from Edwards Road through the existing Sonoma Verde development to the existing Sonoma Verde Lift Station and upgrades to the force main system (parallel force main, meter installation, etc.) from the existing Sonoma Verde Lift Station. These improvements include trench excavation and embedment, trench safety, PVC piping, lift station upgrades, pump upgrades, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Storm Drainage:* The improvements include the required storm drainage along the Edwards Road and Benedetto Way extensions as well as the removal/replacement of the existing culverts at the Berry Creek and Hackberry Creek crossings with Edwards Road. The improvements include earthen channels/grade to drains, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

- *Soft Costs:* Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management,

contingency, legal fees, and consultant fees.

B. Zone A Improvements

- *Streets:* Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A.

- *Right-of-Way:* Improvements include right-of-way required to provide street improvements for all lots within Zone A. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- *Sewer:* Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to each Lot within Zone A.

C. Zone A Improvement Area #1 Improvements

- *Streets:* Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A Improvement Area #1.

- *Right-of-Way:* Improvements include right-of-way required to provide street improvements for all lots within Zone A Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

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

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

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

D. Zone B Improvement Area #1 Improvements

- *Streets:* Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone B Improvement Area #1.

- *Right-of-Way:* Improvements include right-of-way required to provide street improvements for all lots within Zone B Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

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

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

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

E. PID Costs Summary

A PID Cost Summary has been prepared for the improvements described above and is included in this report. The unit prices shown in the PID Cost Summary are based on recent contractor bids and reasonable professional judgement and experience and do not constitute a warranty, expressed or implied, that the actual cost will not vary.

Prepared by:
Kimley-Horn



5/12/2026

Kimley»Horn

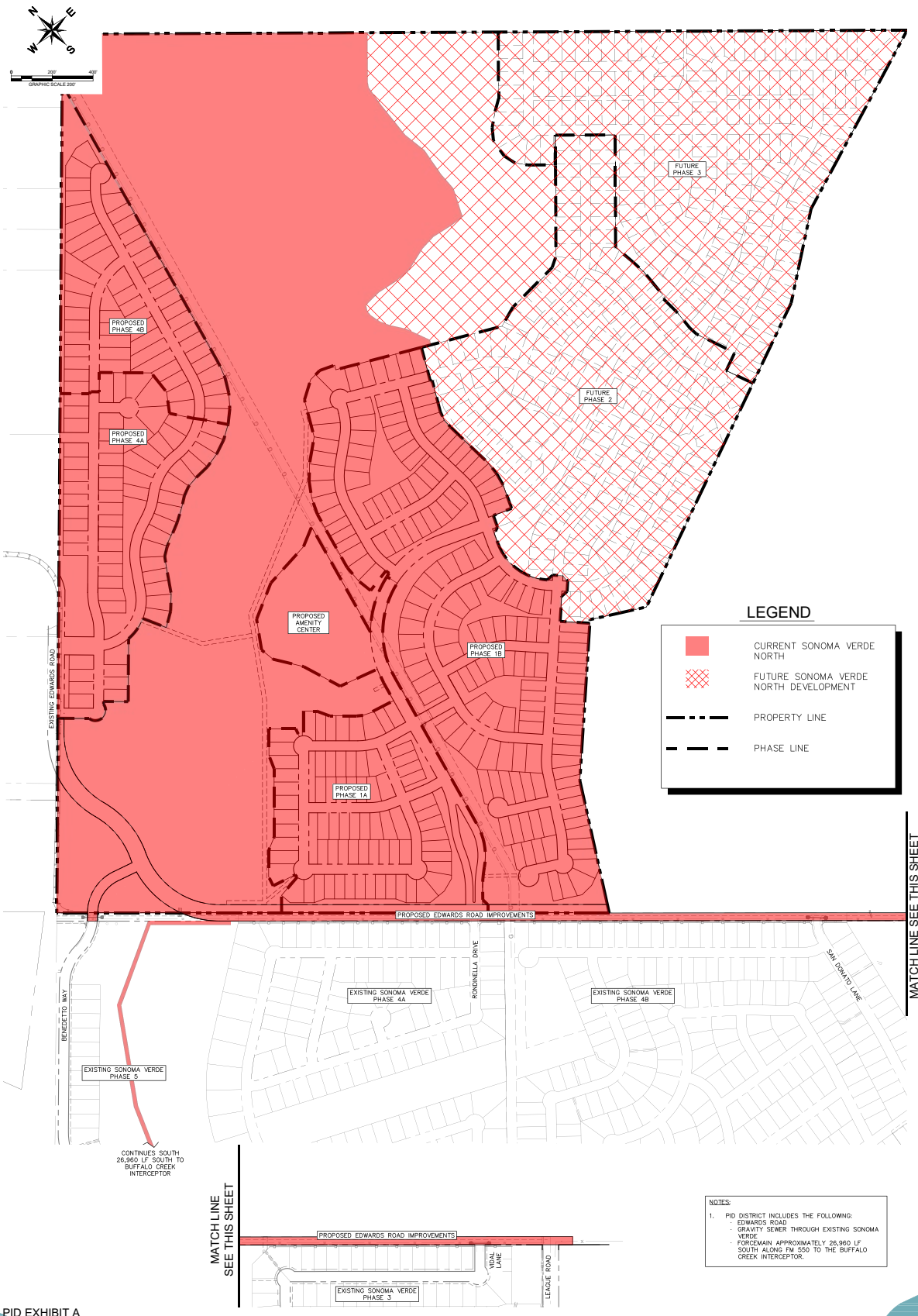
EXHIBITS

SONOMA VERDE NORTH - PID COSTS SUMMARY
BOND ISSUANCE PHASES 1A, 1B, 4A, 4B and Edwards Road

Authorized Improvements			Zone A				Zone B				Majors					
			Phase 1A		Phase 1B		Phase 4A		Phase 4B		Edwards Road/Offsite Sewer		Zone Improvements		Total Improvements	
	Unit	Unit Price	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
Road Improvements:																
Right-of-way Clearing & Grubbing (1)	AC	$1,500.00	3.55	$5,325.00	7.26	$10,890.00	4.26	$6,390.00	2.42	$3,630.00	-	$0.00	-	$0.00	17.49	$26,235.00
Street Excavation (2)	CY	$3.00	15,435	$46,305.00	17,795	$53,385.00	10,309	$30,927.60	5,856	$17,569.20	-	$0.00	-	$0.00	49,395.60	$148,186.80
Lime Stabilized Subgrade	SY	$4.50	12,298	$55,341.00	27,718	$124,731.00	14,175	$63,787.50	7,530	$33,885.00	-	$0.00	-	$0.00	61,721.00	$277,744.50
Lime Material (41 lbs/sy)	TONS	$320.00	252	$80,641.92	569	$182,080.00	291	$93,120.00	155	$49,442.72	-	$0.00	-	$0.00	1,266.51	$405,284.64
7" Reinforced Concrete Pavement w/Curb (31' B-B, 3,600 PSI)	SY	$54.00	11,610	$626,940.00	26,129	$1,410,966.00	13,314	$718,956.00	7,086	$382,644.00	-	$0.00	-	$0.00	58,139.00	$3,139,506.00
7" Reinforced Concrete Pavement w/o Curb (31' B-B, 3,600 PSI)	SY	$40.00	-	$0.00	-	$0.00	352	$14,080.00	-	$0.00	-	$0.00	-	$0.00	352.00	$14,080.00
Install Concrete Curb on Existing Concrete Pavement	LF	$50.00	-	$0.00	-	$0.00	-	$0.00	194	$9,700.00	-	$0.00	-	$0.00	194.00	$9,700.00
Barrier Free (ADA) Ramps	EA	$3,000.00	9	$27,000.00	28	$84,000.00	8	$24,000.00	2	$6,000.00	-	$0.00	-	$0.00	47.00	$141,000.00
4' Sidewalk	LF	$25.00	1,034	$25,850.00	2,594	$64,850.00	1,815	$45,375.00	341	$8,525.00	-	$0.00	-	$0.00	5,784.00	$144,600.00
Install Type III Barricade & Construct Pavement Header	EA	$2,050.00	1	$2,050.00	3	$6,150.00	3	$6,150.00	-	$0.00	-	$0.00	-	$0.00	7.00	$14,350.00
Remove Type III Barricade & Connect to Existing	EA	$1,100.00	-	$0.00	1	$1,100.00	-	$0.00	2	$2,200.00	-	$0.00	-	$0.00	3.00	$3,300.00
Sawcut and Connect to Existing Asphalt Pavement	LF	$50.00	-	$0.00	-	$0.00	261	$13,050.00	-	$0.00	-	$0.00	-	$0.00	261.00	$13,050.00
Install Temporary Turnaround	SY	$50.00	-	$0.00	-	$0.00	408	$20,400.00	-	$0.00	-	$0.00	-	$0.00	408.00	$20,400.00
Remove Temporary Turnaround	SY	$20.00	-	$0.00	-	$0.00	-	$0.00	408	$8,160.00	-	$0.00	-	$0.00	408.00	$8,160.00
Street Name Sign	EA	$500.00	3	$1,500.00	2	$1,000.00	1	$500.00	-	$0.00	-	$0.00	-	$0.00	6.00	$3,000.00
Street/Stop Sign Combo	EA	$1,000.00	7	$7,000.00	15	$15,000.00	6	$6,000.00	1	$1,000.00	-	$0.00	-	$0.00	29.00	$29,000.00
Street Lights	EA	$2,500.00	8	$20,000.00	22	$55,000.00	12	$30,000.00	8	$20,000.00	-	$0.00	-	$0.00	50.00	$125,000.00
Erosion Control and Storm Water Pollution Prevention (3)	LF	$2.00	5,805	$11,610.00	13,846	$27,692.00	7,408	$14,816.00	4,133	$8,266.00	-	$0.00	-	$0.00	31,192.00	$62,384.00
Maintenance Bond	%	2%	$857,932.92	$17,158.66	$1,972,569.00	$39,451.38	$1,050,234.50	$21,004.69	$529,822.72	$10,596.45	$0.00	$0.00	$0.00	$0.00	$4,410,559.14	$88,211.18
Subtotal - Road Improvements				**$926,721.58**		**$2,076,295.38**		**$1,108,556.79**		**$561,618.37**		**$0.00**		**$0.00**		**$4,673,192.12**
Road Improvements (Majors):																
Right-of-way Clearing & Grubbing (1)	AC	$1,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	7.02	$10,530.00	4	$6,045.00	11.05	$16,575.00
Street Excavation (2)	CY	$3.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	8,883	$26,649.00	3,867	$11,601.00	12,750.00	$38,250.00
Grading/Demo Existing Edwards Along Property Boundary	LF	$40.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	6,975	$279,000.00	-	$0.00	6,975.00	$279,000.00
Pedestrian Railing	LF	$50.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	600	$30,000.00	-	$0.00	600.00	$30,000.00
Guardrail	LF	$72.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1,377	$99,144.00	-	$0.00	1,377.00	$99,144.00
6" Lime Stabilized Subgrade	SY	$4.50	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	11,244	$50,598.00	11,244.00	$50,598.00
8" Lime Stabilized Subgrade	SY	$6.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	21,794	$130,764.00	-	$0.00	21,794.00	$130,764.00
Lime Material (41 lbs/sy)	TONS	$320.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	447	$143,040.00	231	$73,920.00	678.00	$216,960.00
7" Reinforced Concrete Pavement w/Curb (37' B-B, 3,600 PSI)	SY	$54.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	10,597	$572,238.00	10,597.00	$572,238.00
8" Reinforced Concrete Pavement w/Curb (24.5' B-E, 3,600 PSI)	SY	$65.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	19,403	$1,261,195.00	-	$0.00	19,403.00	$1,261,195.00
Bomanite Stamped Concrete	SF	$20.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	8,380	$167,600.00	8,380.00	$167,600.00
Asphalt Transition	EA	$10,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$10,000.00	-	$0.00	1.00	$10,000.00
Barrier Free (ADA) Ramps	EA	$3,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	9	$27,000.00	12	$36,000.00	21.00	$63,000.00
4' Sidewalk	LF	$25.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	960	$24,000.00	-	$0.00	960.00	$24,000.00
5' Sidewalk	LF	$35.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5,425	$189,875.00	-	$0.00	5,425.00	$189,875.00
6' Sidewalk	LF	$45.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	667	$30,015.00	4,333	$194,985.00	5,000.00	$225,000.00
Install Type III Barricade & Construct Pavement Header	EA	$2,050.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$4,100.00	2	$4,100.00	4.00	$8,200.00
Remove Type III Barricade & Connect to Existing	EA	$1,100.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	7	$7,700.00	2	$2,200.00	9.00	$9,900.00
Sawcut and Connect to Existing Asphalt Pavement	LF	$50.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	276	$13,800.00	-	$0.00	276.00	$13,800.00
Concrete Positive Overflow Flume with Curb	LF	$100.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	48	$4,800.00	-	$0.00	48.00	$4,800.00
Street/Stop Sign Combo	EA	$1,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5	$5,000.00	1	$1,000.00	6.00	$6,000.00
Speed Limit Sign and Post Assembly	EA	$1,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$3,000.00	-	$0.00	3.00	$3,000.00
Street Lights	EA	$2,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	4	$10,000.00	4.00	$10,000.00
Pavement Markings	LS	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$5,000.00	1.00	$5,000.00
Pavement Markings	LF	$20.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5,955	$119,100.00	-	$0.00	5,955.00	$119,100.00
Reverse Curve & Post Assembly (CWR-4L)	EA	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$5,000.00	-	$0.00	1.00	$5,000.00
Reverse Curve & Post Assembly (CWR-4R)	EA	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$5,000.00	-	$0.00	1.00	$5,000.00
Chevron Sign & Post Assembly (W1-8L)	EA	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	4	$20,000.00	-	$0.00	4.00	$20,000.00
Sidewalk Closed Sign & Post Assembly (R9-9)	EA	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$10,000.00	-	$0.00	2.00	$10,000.00
Traffic Control	LS	$10,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$10,000.00	-	$0.00	1.00	$10,000.00
Erosion Control and Storm Water Pollution Prevention (3)	LF	$2.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	12,394	$24,788.00	4,315	$8,630.00	16,709.00	$33,418.00
Maintenance Bond	%	2%	-	$0.00	-	$0.00	-	$0.00	-	$0.00	$2,493,500.00	$49,870.00	$1,126,271.00	$22,525.42	$3,619,771.00	$72,395.42
Subtotal - Road Improvements (Majors)				**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$2,543,370.00**		**$1,166,442.42**		**$3,709,812.42**
Storm Drainage Improvements:																
Standard 10' Curb Inlet	EA	$6,000.00	16	$96,000.00	29	$174,000.00	22	$132,000.00	9	$54,000.00	-	$0.00	-	$0.00	76	$456,000.00
Standard 15' Curb Inlet	EA	$8,000.00	3	$24,000.00	3	$24,000.00		$0.00	-	$0.00	-	$0.00	-	$0.00	6	$48,000.00
18" 4:1 Sloped End Headwall	EA	$5,000.00	1	$5,000.00	-	$0.00	2	$10,000.00	-	$0.00	-	$0.00	-	$0.00	3	$15,000.00
30" 4:1 Sloped End Headwall	EA	$6,000.00	-	$0.00	-	$0.00	10	$60,000.00	-	$0.00	-	$0.00	-	$0.00	10	$60,000.00
10'x4' SETB-SW-0	EA	$20,000.00	1	$20,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$20,000.00
5'X4' SETB-SW-0	EA	$15,000.00	-	$0.00	1	$15,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$15,000.00
6'X4' SETB-SW-0	EA	$15,000.00	-	$0.00	-	$0.00	2	$30,000.00	-	$0.00	-	$0.00	-	$0.00	2	$30,000.00
3'X3' PAZD Style 'FG' w/1.5' Concrete Apron	EA	$6,000.00	-	$0.00	3	$18,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$18,000.00
4'X4' PAZD Style 'FG' w/1.5' Concrete Apron	EA	$8,000.00	-	$0.00	3	$24,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$24,000.00
12'x6' Type C Junction Box	EA	$17,000.00	1	$17,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$17,000.00
8'x8' Junction Box	EA	$15,000.00	-	$0.00	-	$0.00	2	$30,000.00	-	$0.00	-	$0.00	-	$0.00	2	$30,000.00
7'x7' Junction Box	EA	$10,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00
7'x7' Junction Box w/5' Drop Inlet 'Cap' and 1.5' Concrete Apron	EA	$15,000.00	1	$15,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$15,000.00
7'x7' Junction Box w/Steel Plate	EA	$13,000.00	2	$26,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$26,000.00
6'x6' Junction Box	EA	$9,000.00	-	$0.00	1	$9,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$9,000.00
5'X5' Junction Box	EA	$8,500.00	-	$0.00	5	$42,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5	$42,500.00
4'x4' Junction Box	EA	$7,500.00	3	$22,500.00	5	$37,500.00	5	$37,500.00	2	$15,000.00	-	$0.00	-	$0.00	15	$112,500.00
TXDOT Type M 4' Storm Manhole	EA	$3,000.00	1	$3,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$3,000.00
Remove Existing 5' Drop Inlet 'Cap' and Replace with Solid 'Cap'	EA	$7,500.00	-	$0.00	1	$7,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$7,500.00
Concrete Lined Channel	SY	$125.00	-	$0.00	-	$0.00	1,895	$236,875.00	-	$0.00	-	$0.00	-	$0.00	1,895	$236,875.00
8" Common Stone Rip Rap	SY	$130.00	-	$0.00	-	$0.00	24	$3,120.00	-	$0.00	-	$0.00	-	$0.00	24	$3,120.00
9" Common Stone Rip Rap	SY	$160.00	23	$3,680.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	23	$3,680.00
30" Common Stone Rip Rap	SY	$200.00	-	$0.00	120	$24,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	120	$24,000.00
18" Grouted Rock Rip Rap	SY	$170.00	217	$36,890.00	-	$0.00	410	$69,700.00	-	$0.00	-	$0.00	-	$0.00	627	$106,590.00
18" Class III RCP	LF	$85.00	1,291	$109,735.00	2,756	$234,260.00	953	$81,005.00	373	$31,705.00	-	$0.00	-	$0.00	5,373	$456,705.00
21" Class III RCP	LF	$90.00	669	$60,210.00	204	$18,360.00	-	$0.00	533	$47,970.00	-	$0.00	-	$0.00	1,406	$126,540.00
24" Class III RCP	LF	$110.00	-	$0.00		$0.00	-	$0.00	245	$26,950.00	-	$0.00	-	$0.00	245	$26,950.00
27" Class III RCP	LF	$120.00	-	$0.00	954	$114,480.00	363	$43,560.00	285	$34,200.00	-	$0.00	-	$0.00	1,602	$192,240.00
30" Class III RCP	LF	$130.00	73	$9,490.00	-	$0.00	564	$73,320.00	21	$2,730.00	-	$0.00	-	$0.00	658	$85,540.00

30" Class IV RCP	LF	$145.00	-	$0.00	-	$0.00	490	$71,050.00	-	$0.00	-	$0.00	-	$0.00	490	$71,050.00
36" Class III RCP	LF	$148.00	-	$0.00	437	$64,676.00	1,270	$187,960.00	-	$0.00	-	$0.00	-	$0.00	1,707	$252,636.00
42" Class III RCP	LF	$190.00	-	$0.00	761	$144,590.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	761	$144,590.00
48" Class III RCP	LF	$250.00	-	$0.00	603	$150,750.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	603	$150,750.00
10'x4' Class III RCB	LF	$800.00	643	$514,400.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	643	$514,400.00
6'X4' Class III RCB	LF	$400.00	-	$0.00	-	$0.00	540	$216,000.00	-	$0.00	-	$0.00	-	$0.00	540	$216,000.00
5'x4' Class III RCB	LF	$325.00	1,047	$340,275.00	292	$94,900.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1,339	$435,175.00
4'x4' Class III RCB	LF	$280.00	-	$0.00	918	$257,040.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	918	$257,040.00
End & Plug	EA	$500.00	1	$500.00	2	$1,000.00	2	$1,000.00	-	$0.00	-	$0.00	-	$0.00	5	$2,500.00
Remove Plug and Connect to Exisiting	EA	$2,000.00	-	$0.00	-	$0.00	-	$0.00	2	$4,000.00	-	$0.00	-	$0.00	2	$4,000.00
Trench Safety	LF	$1.00	3,723	$3,723.00	6,925	$6,925.00	4,180	$4,180.00	1,457	$1,457.00	-	$0.00	-	$0.00	16,285	$16,285.00
TV Inspection	LF	$3.00	3,723	$11,169.00	6,925	$20,775.00	4,180	$12,540.00	1,457	$4,371.00	-	$0.00	-	$0.00	16,285	$48,855.00
Maintenance Bond	%	2%	$1,318,572.00	$26,371.44	$1,483,256.00	$29,665.12	$1,299,810.00	$25,996.20	$222,383.00	$4,447.66	-	$0.00	-	$0.00	$4,324,021.00	$86,480.42
Subtotal - Storm Drainage Improvements				**$1,344,943.44**		**$1,512,921.12**		**$1,325,806.20**		**$226,830.66**		**$0.00**		**$0.00**		**$4,410,501.42**
Storm Drainage Improvements (Majors):																
Standard 10' Curb Inlet	EA	$6,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	6	$36,000.00	-	$0.00	6	$36,000.00
Standard 15' Curb Inlet	EA	$8,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$24,000.00	-	$0.00	3	$24,000.00
18" 4:1 Sloped End Headwall	EA	$5,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$15,000.00	-	$0.00	3	$15,000.00
5-5'X5' PW-0	EA	$50,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$100,000.00	-	$0.00	2	$100,000.00
4-10'X5' PW-0	EA	$70,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$140,000.00	-	$0.00	2	$140,000.00
4'x3' SETB-SW-0 w/ required Pipe Runners	EA	$9,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$18,000.00	-	$0.00	2	$18,000.00
ADS Landscape Drain	EA	$500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$1,500.00	-	$0.00	3	$1,500.00
3'x3' Junction Box	EA	$6,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	7	$45,500.00	-	$0.00	7	$45,500.00
9" Common Stone Rip Rap	SY	$120.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	54	$6,480.00	-	$0.00	54	$6,480.00
9" Grouted Rock Rip Rap	SY	$145.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	140	$20,300.00	-	$0.00	140	$20,300.00
18" Grouted Rock Rip Rap	SY	$170.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1,837	$312,290.00	-	$0.00	1,837	$312,290.00
4" PVC	LF	$20.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	10	$200.00	-	$0.00	10	$200.00
6" PVC	LF	$30.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	24	$720.00	-	$0.00	24	$720.00
18" Class III RCP	LF	$85.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2,999	$254,915.00	-	$0.00	2,999	$254,915.00
21" Class III RCP	LF	$90.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	310	$27,900.00	-	$0.00	310	$27,900.00
24" Class III RCP	LF	$100.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	221	$22,100.00	-	$0.00	221	$22,100.00
27" Class III RCP	LF	$120.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	190	$22,800.00	-	$0.00	190	$22,800.00
30" Class III RCP	LF	$130.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1,006	$130,780.00	-	$0.00	1,006	$130,780.00
4'x3' Class IV RCB	LF	$250.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	111	$27,750.00	-	$0.00	111	$27,750.00
5'x5' Class III RCB	LF	$400.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	440	$176,000.00	-	$0.00	440	$176,000.00
10'x5' Class III RCB	LF	$850.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	320	$272,000.00	-	$0.00	320	$272,000.00
End & Plug	EA	$500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	11	$5,500.00	-	$0.00	11	$5,500.00
Trench Safety	LF	$1.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5,631	$5,631.00	-	$0.00	5,631	$5,631.00
TV Inspection	LF	$3.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5,631	$16,893.00	-	$0.00	5,631	$16,893.00
Maintenance Bond	%	2%	-	$0.00	-	$0.00	-	$0.00	-	$0.00	$1,682,259.00	$33,645.18	-	$0.00	$1,682,259.00	$33,645.18
Subtotal - Storm Drainage Improvements (Majors)				**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$1,715,904.18**		**$0.00**		**$1,715,904.18**
Sanitary Sewer Improvements:																
6" SDR-35 PVC (Open-Cut)	LF	$50.00	30	$1,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	30	$1,500.00
8" SDR-35 PVC (Open-Cut)	LF	$65.00	2,145	$139,425.00	5,539	$360,035.00	2,408	$156,520.00	1,935	$125,775.00	-	$0.00	-	$0.00	12,027	$781,755.00
8" SDR-26 PVC (Open-Cut)	LF	$75.00	1,204	$90,300.00	2,002	$150,150.00	1,112	$83,400.00	-	$0.00	-	$0.00	-	$0.00	4,318	$323,850.00
8" SDR-26 PVC (By-Bore)	LF	$150.00	-	$0.00	-	$0.00	164	$24,600.00	-	$0.00	-	$0.00	-	$0.00	164	$24,600.00
10" SDR-26 PVC (Open-Cut)	LF	$85.00	805	$68,425.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	805	$68,425.00
4' Manhole	EA	$8,500.00	7	$59,500.00	24	$204,000.00	12	$102,000.00	5	$42,500.00	-	$0.00	-	$0.00	48	$408,000.00
4' Manhole With Marker (Bolted and Gasketed)	EA	$12,000.00	-	$0.00	-	$0.00	1	$12,000.00	-	$0.00	-	$0.00	-	$0.00	1	$12,000.00
5' Manhole	EA	$10,000.00	2	$20,000.00	5	$50,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	7	$70,000.00
5' Internal Drop Manhole	EA	$10,500.00	1	$10,500.00	1	$10,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$21,000.00
5' Manhole w/Marker (Bolted and Gasketed)	EA	$14,000.00	3	$42,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$42,000.00
5' Manhole w/Marker (Vented and Gasketed)	EA	$15,000.00	1	$15,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$15,000.00
5' Manhole w/Marker	EA	$12,750.00	3	$38,250.00	2	$25,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	5	$63,750.00
Connect to Existing 5' Manhole	EA	$4,000.00	-	$0.00	1	$4,000.00	1	$4,000.00	-	$0.00	-	$0.00	-	$0.00	2	$8,000.00
8" Plug	EA	$400.00	1	$400.00	2	$800.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3	$1,200.00
Remove Plug and Connect to Existing	EA	$1,500.00	-	$0.00	1	$1,500.00	-	$0.00	2	$3,000.00	-	$0.00	-	$0.00	3	$4,500.00
Cleanout	EA	$1,500.00	-	$0.00	-	$0.00	3	$4,500.00	-	$0.00	-	$0.00	-	$0.00	3	$4,500.00
4" Sanitary Sewer Services	EA	$1,200.00	74	$88,800.00	161	$193,200.00	65	$78,000.00	56	$67,200.00	-	$0.00	-	$0.00	356	$427,200.00
150 PSI PVC Encasement Pipe	LF	$100.00	40	$4,000.00	100	$10,000.00	20	$2,000.00	-	$0.00	-	$0.00	-	$0.00	160	$16,000.00
Cement Stabilized Sand	LF	$60.00	40	$2,400.00	140	$8,400.00	60	$3,600.00	20	$1,200.00	-	$0.00	-	$0.00	260	$15,600.00
12" Steel Encasement	LF	$350.00	60	$21,000.00	-	$0.00	164	$57,400.00	-	$0.00	-	$0.00	-	$0.00	224	$78,400.00
15" Steel Encasement	LF	$400.00	140	$56,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	140	$56,000.00
Vaccum Testing (For Manholes)	EA	$300.00	14	$4,200.00	33	$9,900.00	14	$4,200.00	5	$1,500.00	-	$0.00	-	$0.00	66	$19,800.00
TV Inspection & Wastewater Testing (excluding geotech/materials testing)	LF	$1.50	3,349	$5,023.50	7,541	$11,311.50	3,684	$5,526.00	1,935	$2,902.50	-	$0.00	-	$0.00	16,509	$24,763.50
Trench Safety	LF	$2.00	3,349	$6,698.00	7,541	$15,082.00	3,684	$7,368.00	1,935	$3,870.00	-	$0.00	-	$0.00	16,509	$33,018.00
Maintenance Bond	%	2%	$671,921.50	$13,438.43	$1,054,378.50	$21,087.57	$545,114.00	$10,902.28	$247,947.50	$4,958.95	$0.00	$0.00	$0.00	$0.00	$2,519,361.50	$50,387.23
Subtotal - Sanitary Sewer Improvements				**$686,859.93**		**$1,075,466.07**		**$556,016.28**		**$252,906.45**		**$0.00**		**$0.00**		**$2,571,248.73**
Sanitary Sewer Improvements (Majors):																
10" SDR-26 PVC (Open-Cut)	LF	$85.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	3,160	$268,600.00	1,310	$111,350.00	4,470	$379,950.00
10" SDR-26 PVC (By-Bore)	LF	$170.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	171	$29,070.00	-	$0.00	171	$29,070.00
12" SDR-26 PVC (Open-Cut)	LF	$100.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	929	$92,900.00	-	$0.00	929	$92,900.00
12" SDR-26 PVC (By-Bore)	LF	$200.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	131	$26,200.00	-	$0.00	131	$26,200.00
8" Force Main (Sonoma Verde Lift Station to NTMWD Meter) (Per FMI Stud	LS	$1,964,012.42	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$1,964,012.42	-	$0.00	1	$1,964,012.42
Replace Gravity System Downstream of NTMWD Meter (Per FMI Study an	LS	$530,028.41	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$530,028.41	-	$0.00	1	$530,028.41
Clearing of 15' SSE (20' Access on each side)	AC	$1,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	6	$9,000.00	-	$0.00	6	$9,000.00
5' Manhole With Marker	EA	$12,750.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	2	$25,500.00	-	$0.00	2	$25,500.00
5' Manhole With Odor Control	EA	$15,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$15,000.00	-	$0.00	1	$15,000.00
5' Gasketed and Bolted Manhole with Marker	EA	$15,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	7	$105,000.00	2	$30,000.00	9	$135,000.00
5' Gasketed and Vented Manhole With Marker	EA	$22,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$22,500.00	1	$22,500.00	2	$45,000.00
5' Manhole With Dual 2" Air Release Valve	EA	$30,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$30,000.00	-	$0.00	1	$30,000.00
Connect to Exist Sewer Stub	EA	$1,500.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$1,500.00	-	$0.00	1	$1,500.00
Connect to Existing 5' Manhole	EA	$3,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	1	$3,000.00	1	$3,000.00	2	$6,000.00
15" Steel Encasement	LF	$400.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	171	$68,400.00	-	$0.00	171	$68,400.00
18" Steel Encasement	LF	$1,000.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	131	$131,000.00	-	$0.00	131	$131,000.00
Vaccum Testing (For Manholes)	EA	$300.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	13	$3,900.00	4	$1,200.00	17	$5,100.00
TV Inspection & Wastewater Testing (excluding geotech/materials testing)	LF	$1.50	-	$0.00	-	$0.00	-	$0.00	-	$0.00	4,391	$6,586.50	1,310	$1,965.00	5,701	$8,551.50
Trench Safety	LF	$2.00	-	$0.00	-	$0.00	-	$0.00	-	$0.00	4,391	$8,782.00	1,310	$2,620.00	5,701	$11,402.00
Maintenance Bond	%	2%	-	$0.00	-	$0.00	-	$0.00	-	$0.00	$3,340,979.33	$66,819.59	$172,635.00	$3,452.70	$3,513,614.33	$70,272.29
Subtotal - Sanitary Sewer Improvements (Majors)				**$0.00**		**$0.00**		**$0.00**		**$0.00**		**$3,407,798.92**		**$176,087.70**		**$3,583,886.62**
Total - Road, Storm Drainage, & Sanitary Sewer Improvements				**$2,958,524.95**		**$4,664,682.57**		**$2,990,379.27**		**$1,041,355.48**		**$7,667,073.10**		**$1,342,530.12**		**$20,664,545.49**

Soft Costs:																
ROW Dedication	AC	$65,000.00	3.6	$236,600.00	8.4	$545,350.00	4.3	$276,900.00	2.4	$157,300.00	4.9	$319,800.00	3.8	$243,750.00	27	$1,779,700.00
Contingency 12%	PERCENT	12%	-	$355,022.99	-	$559,761.91	-	$358,845.51	-	$124,962.66	-	$920,048.77	-	$0.00		$2,318,641.84
Engineering, Flood Study, Surveying, Const. Staking	LS	-	-	$339,645.00	-	$442,737.50	-	$224,572.50	-	$219,456.00	-	$433,242.50	-	$0.00		$1,659,653.50
***City Inspection Fees 2%	PERCENT	2%	-	$59,170.50	-	$93,293.65	-	$59,807.59	-	$20,827.11	-	$153,341.46	-	$0.00		$386,440.31
Geotechnical and Material Testing	LOTS	$650.00	74	$48,100.00	161	$104,650.00	65	$42,250.00	56	$36,400.00	1	$35,000.00	-	$0.00		$266,400.00
General Contractor Fees	LOTS	$1,500.00	74	$111,000.00	161	$241,500.00	65	$97,500.00	56	$84,000.00	1	$70,000.00	-	$0.00		$604,000.00
General Conditions	LOTS	$750.00	74	$55,500.00	161	$120,750.00	65	$48,750.00	56	$42,000.00	1	$40,250.00	-	$0.00		$307,250.00
Subotal - Soft Costs				**$1,205,038.49**		**$2,108,043.06**		**$1,108,625.60**		**$684,945.77**		**$1,971,682.73**		**$243,750.00**		**$7,322,085.65**
Grand Total - Improvements + Soft Costs				**$4,163,563.44**		**$6,772,725.63**		**$4,099,004.87**		**$1,726,301.25**		**$9,638,755.83**		**$1,586,280.12**		**$27,986,631.14**
Additional Improvements to Support Development																
Sonoma Verde East Proportional Force Main and Gravity Sewer Improvements	LS	$1,317,402.17	-	-	-	-	-	-	-	-	-	-	-	-		$1,317,402.17
Sonoma Verde North Water Distribution System	LS	-	1	$546,992.30	1	$778,165.90	1	$279,843.20	1	$185,343.50	-	-	-	-		$1,790,344.90



NOTES:

1. PID DISTRICT INCLUDES THE FOLLOWING:
   - EDWARDS ROAD
   - GRAVITY SEWER THROUGH EXISTING SONOMA VERDE
   - FORCEMAIN APPROXIMATELY 26,960 LF SOUTH ALONG FM 550 TO THE BUFFALO CREEK INTERCEPTOR.

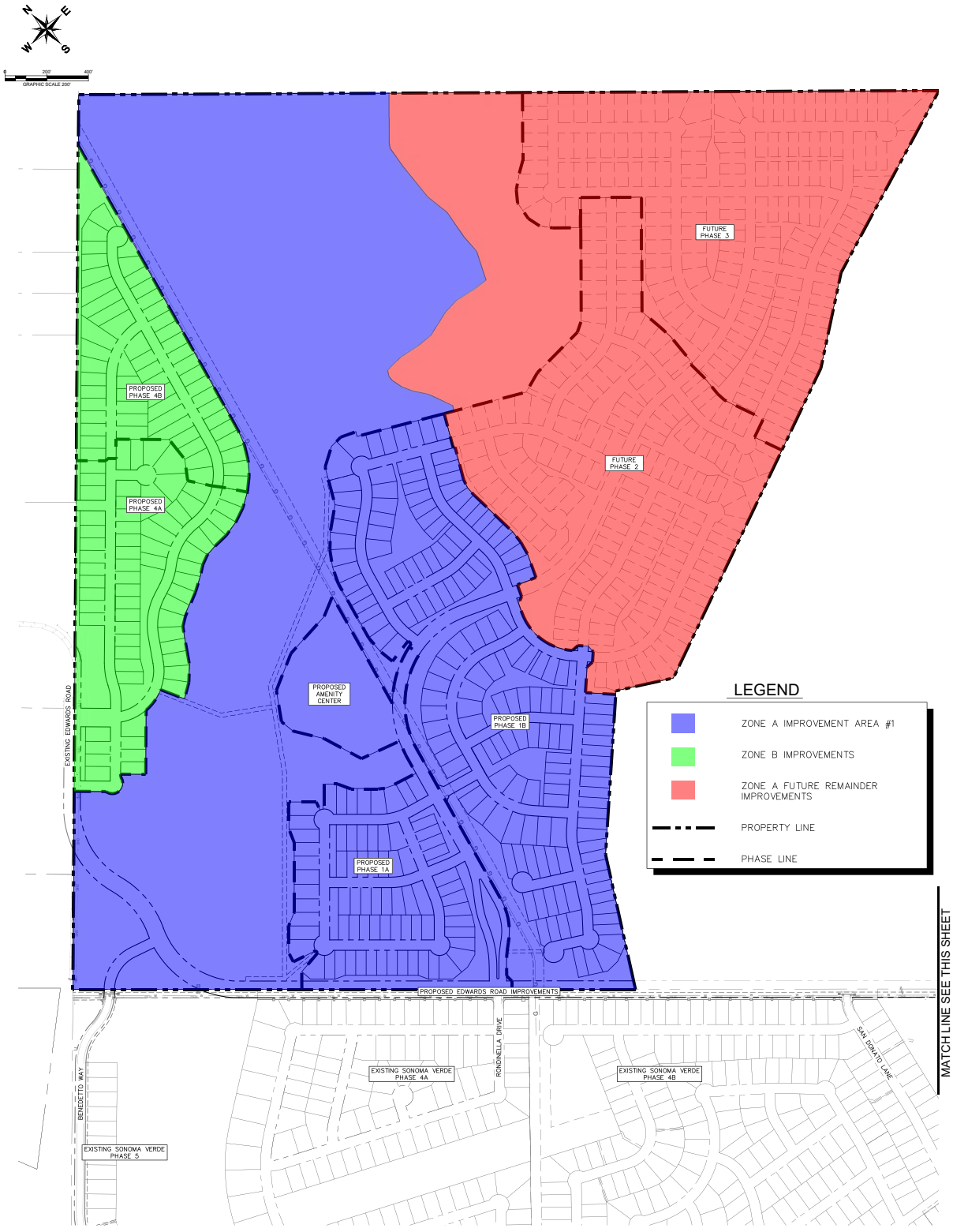
PID EXHIBIT A
OVERALL DISTRICT MAP

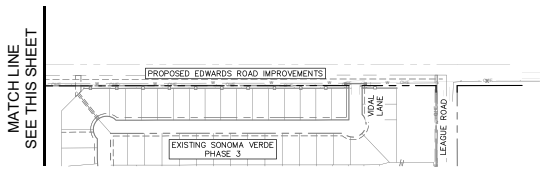
Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928





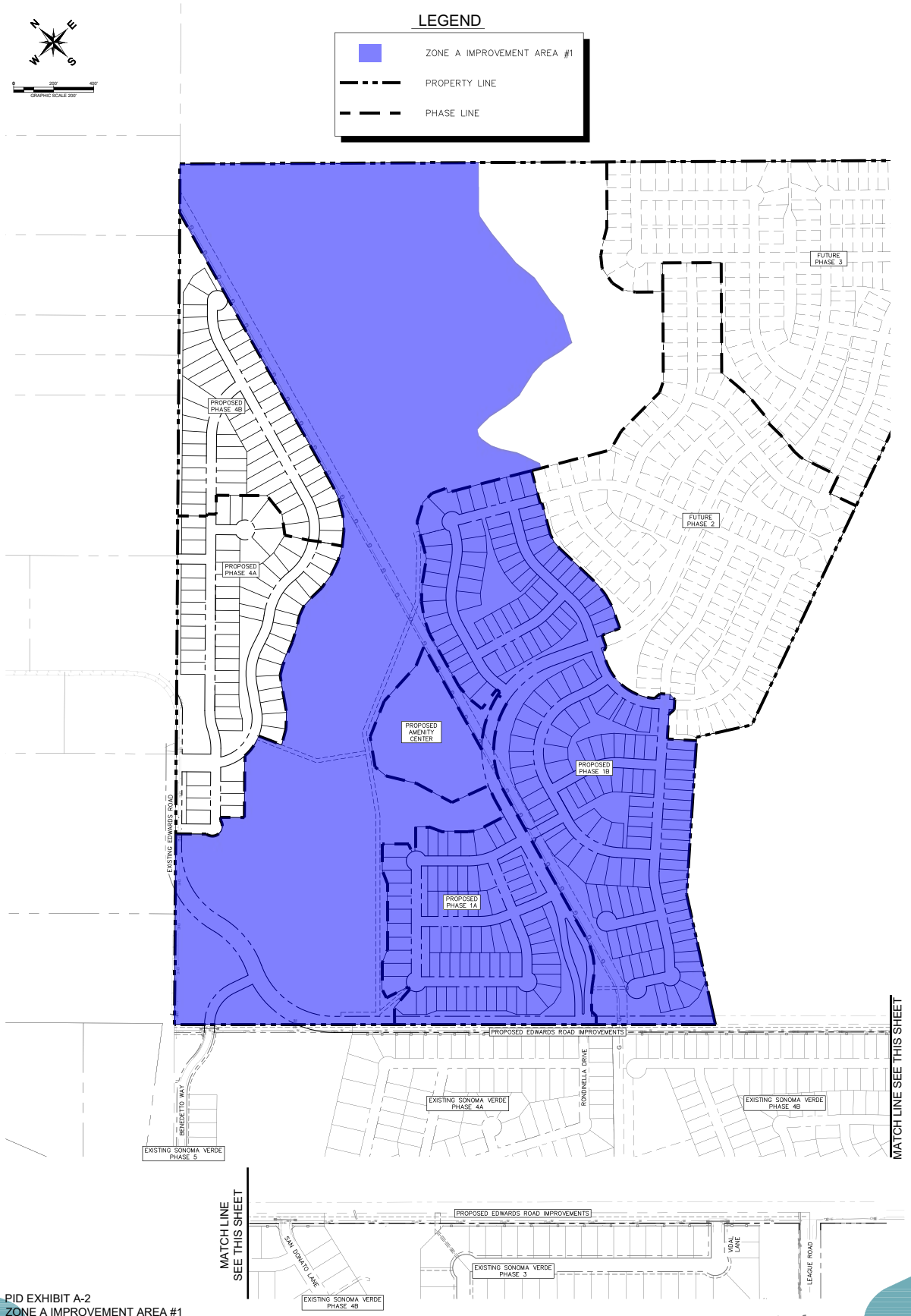
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ZONE A AND ZONE B IMPROVEMENT LIMITS

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



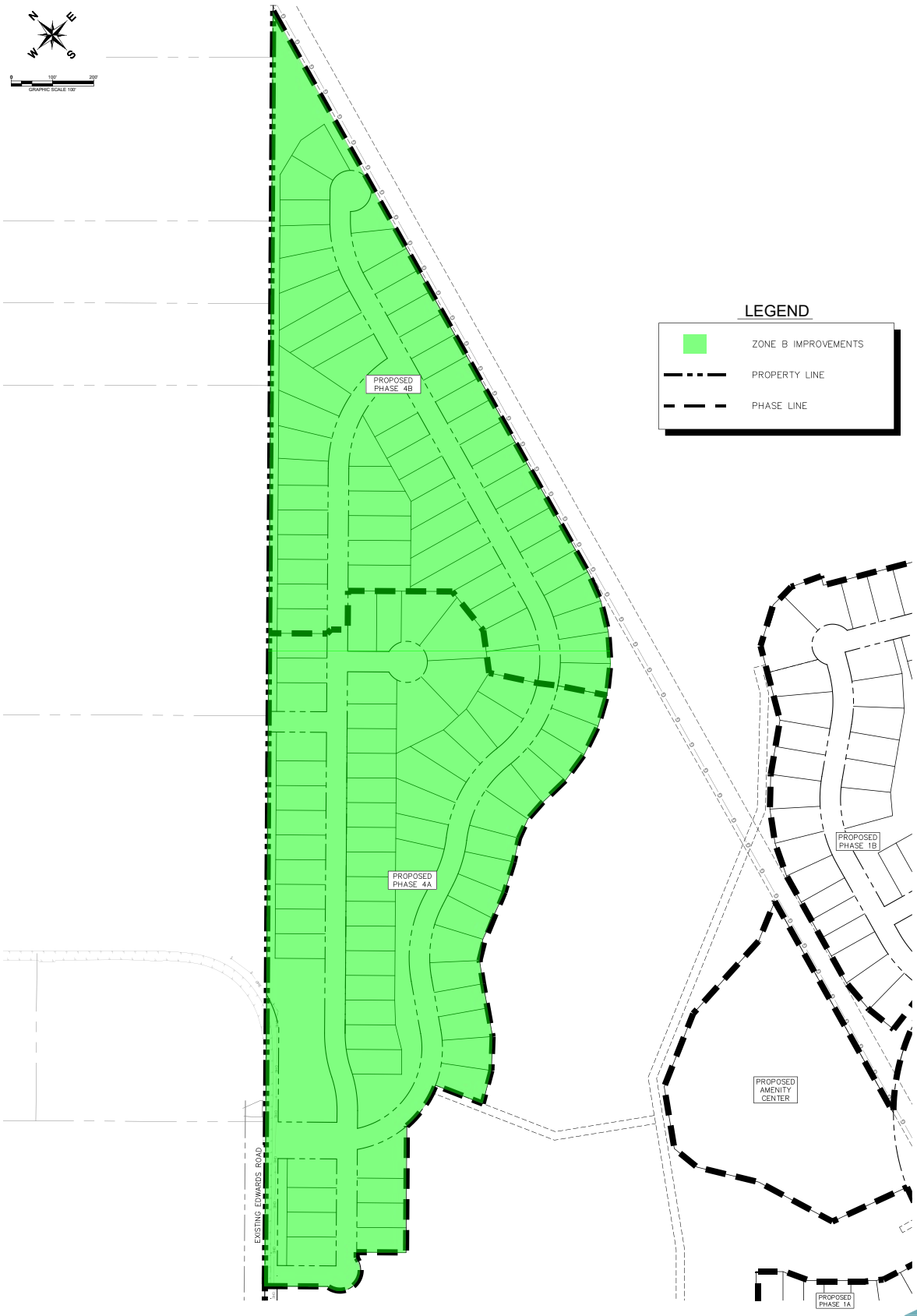
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ZONE A IMPROVEMENT AREA #1

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



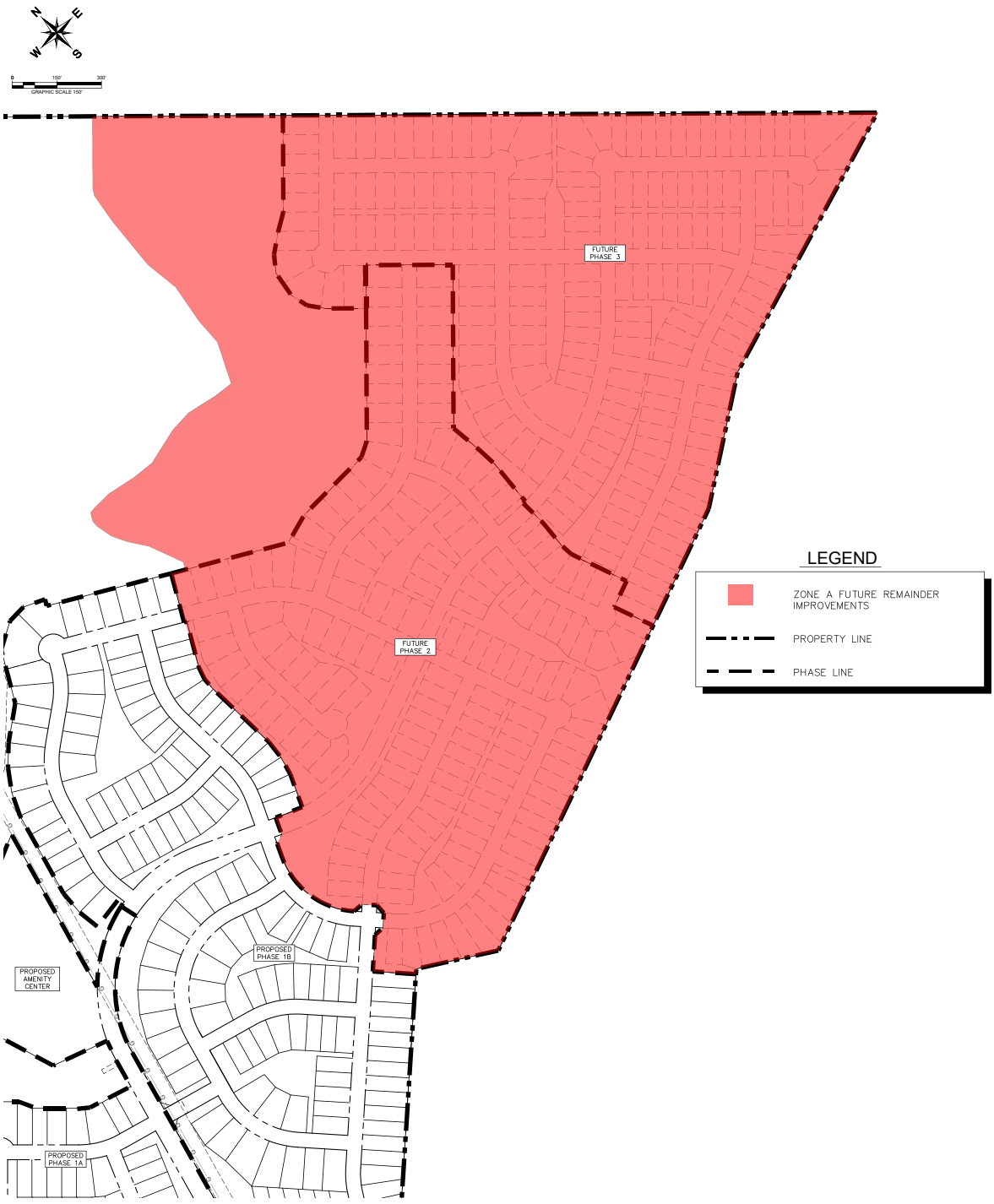
PID EXHIBIT A-3
ZONE B IMPROVEMENTS

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



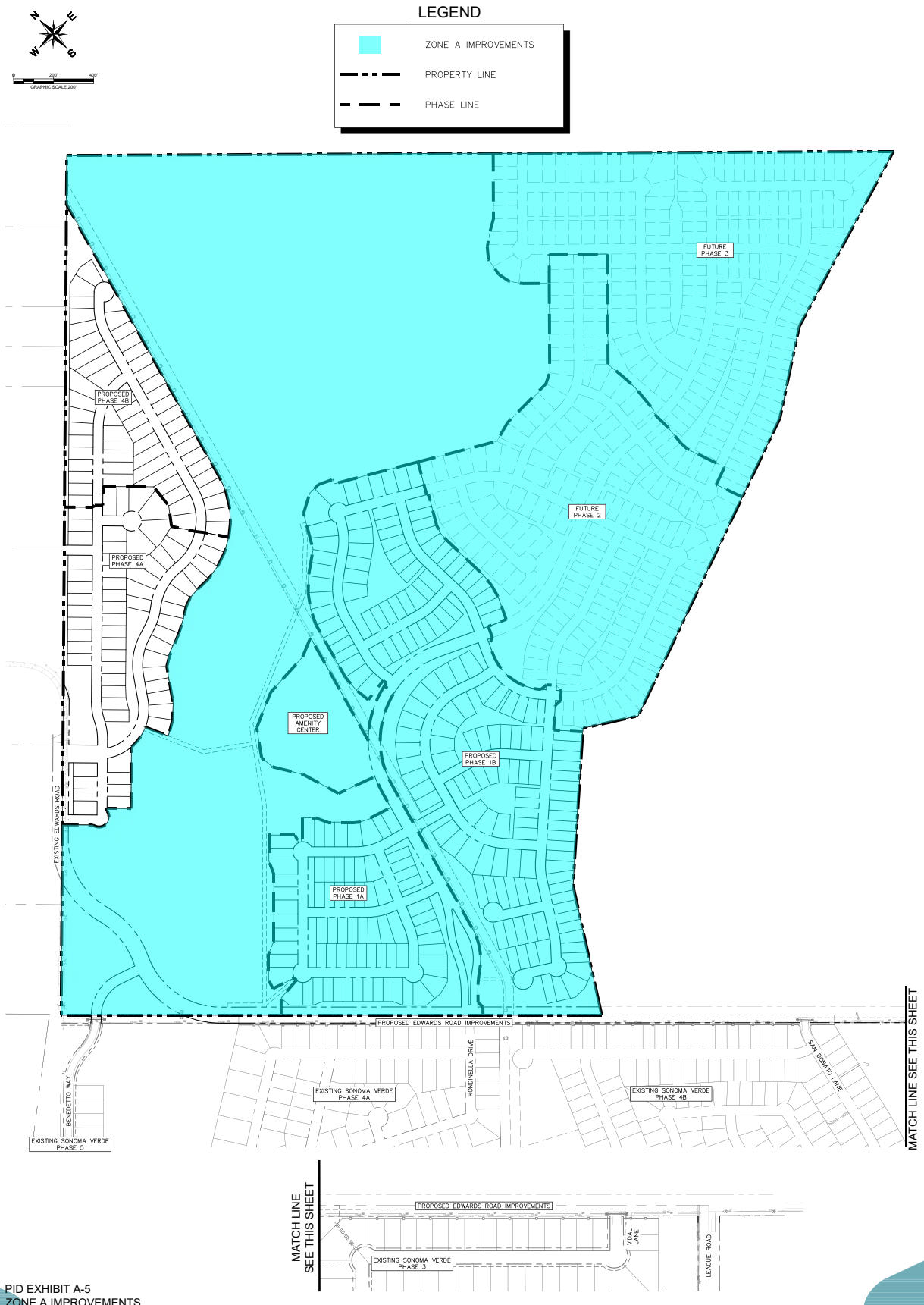
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ZONE A FUTURE REMAINDER IMPROVEMENTS

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



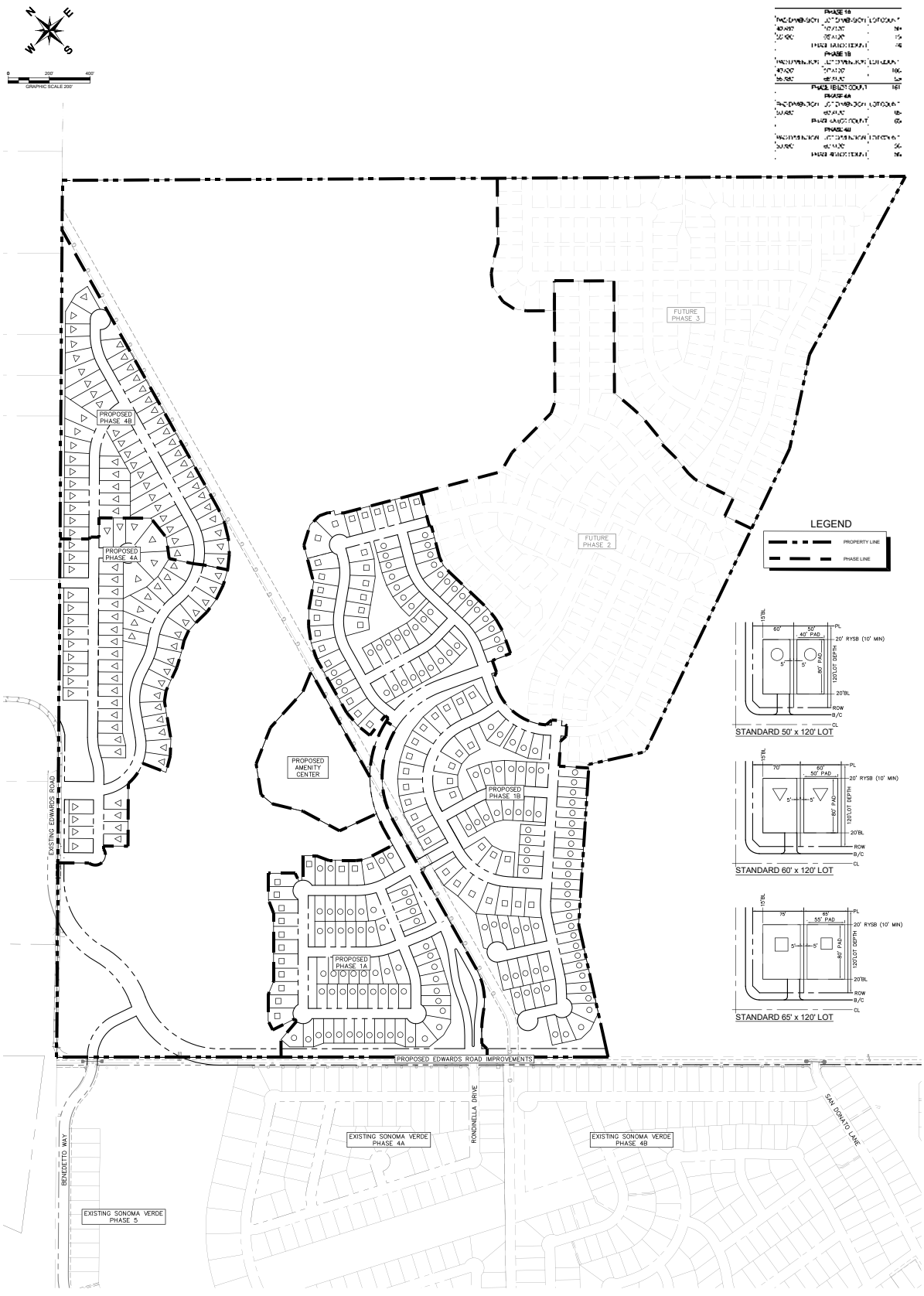
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ZONE A IMPROVEMENTS

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



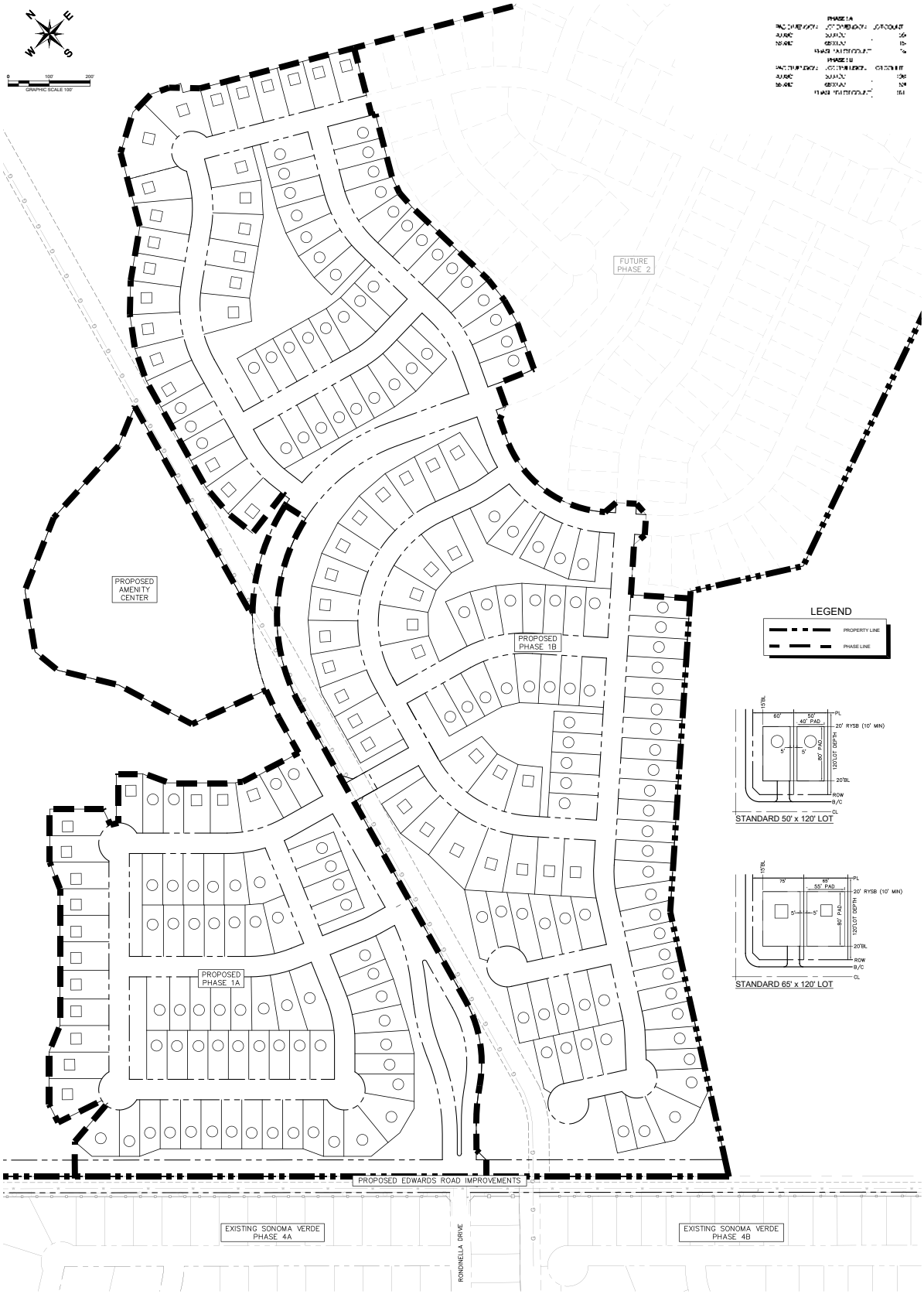
PID EXHIBIT B
OVERALL LOT TYPE CLASSIFICATION MAP

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



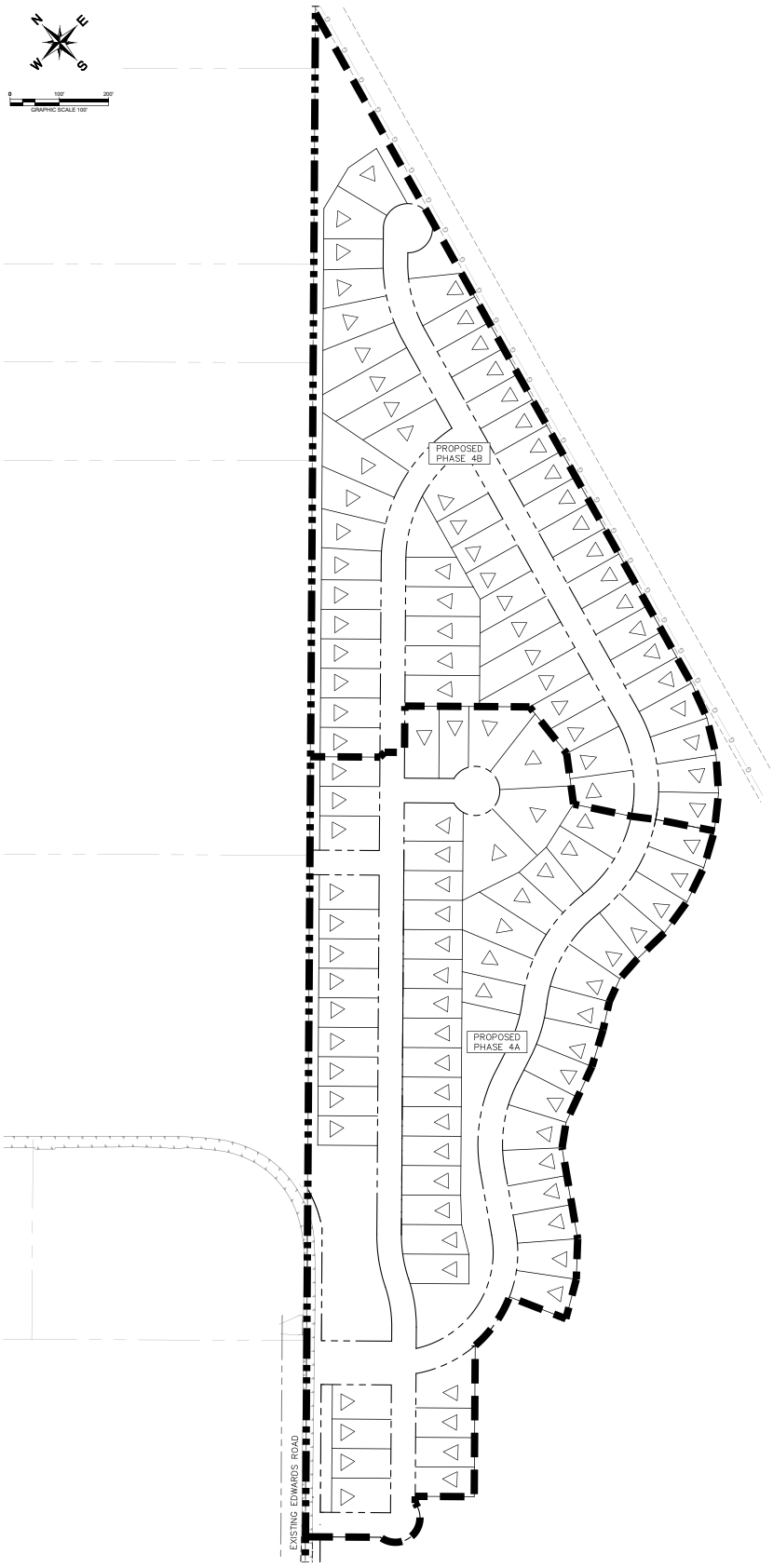
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ZONE A LOT TYPE CLASSIFICATION MAP

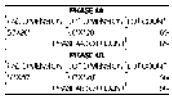
Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

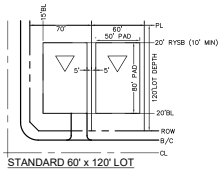




LEGEND

PROPERTY LINE

PHASE LINE



STANDARD 60' x 120' LOT

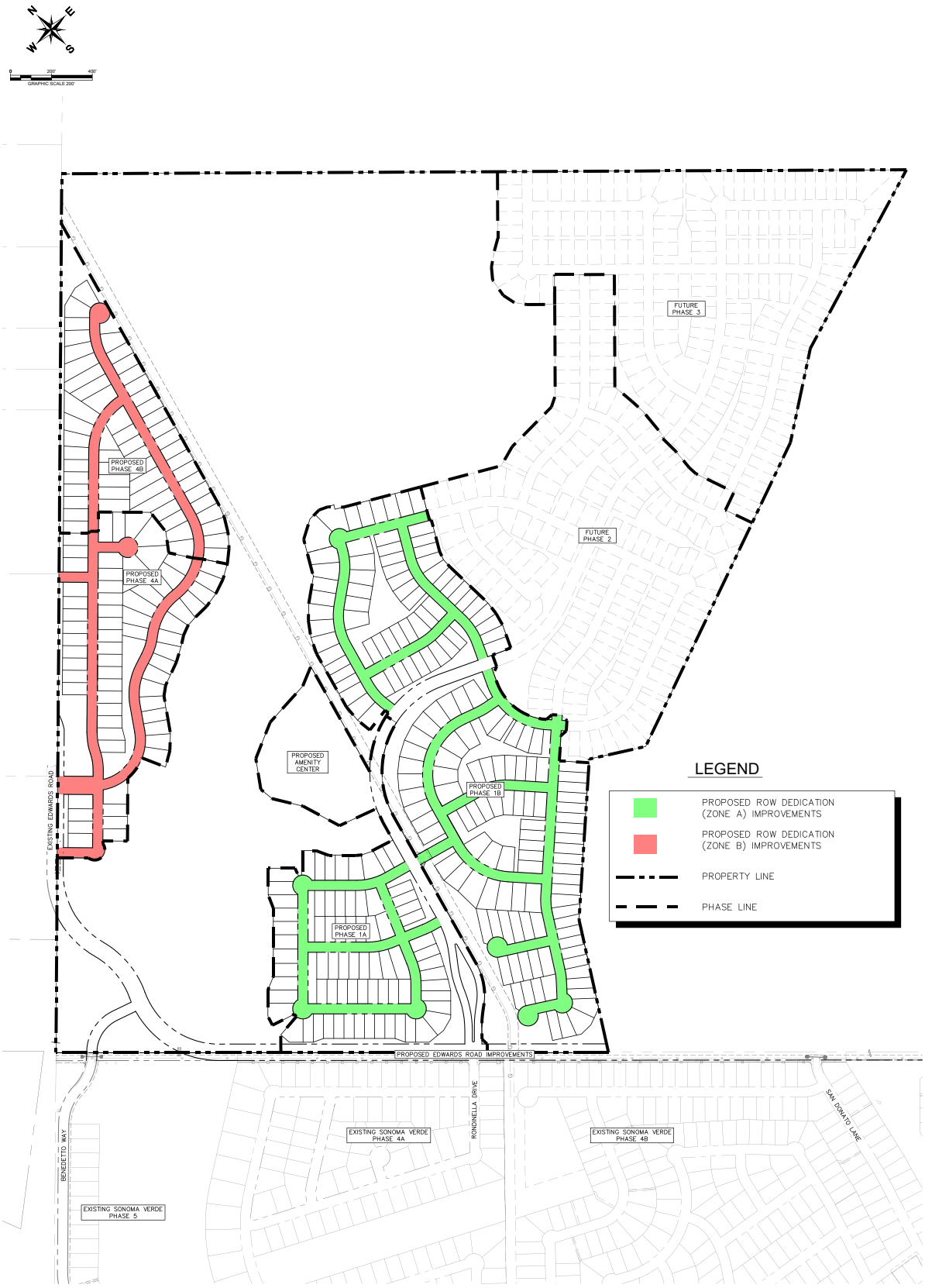
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ZONE B LOT TYPE CLASSIFICATION MAP

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



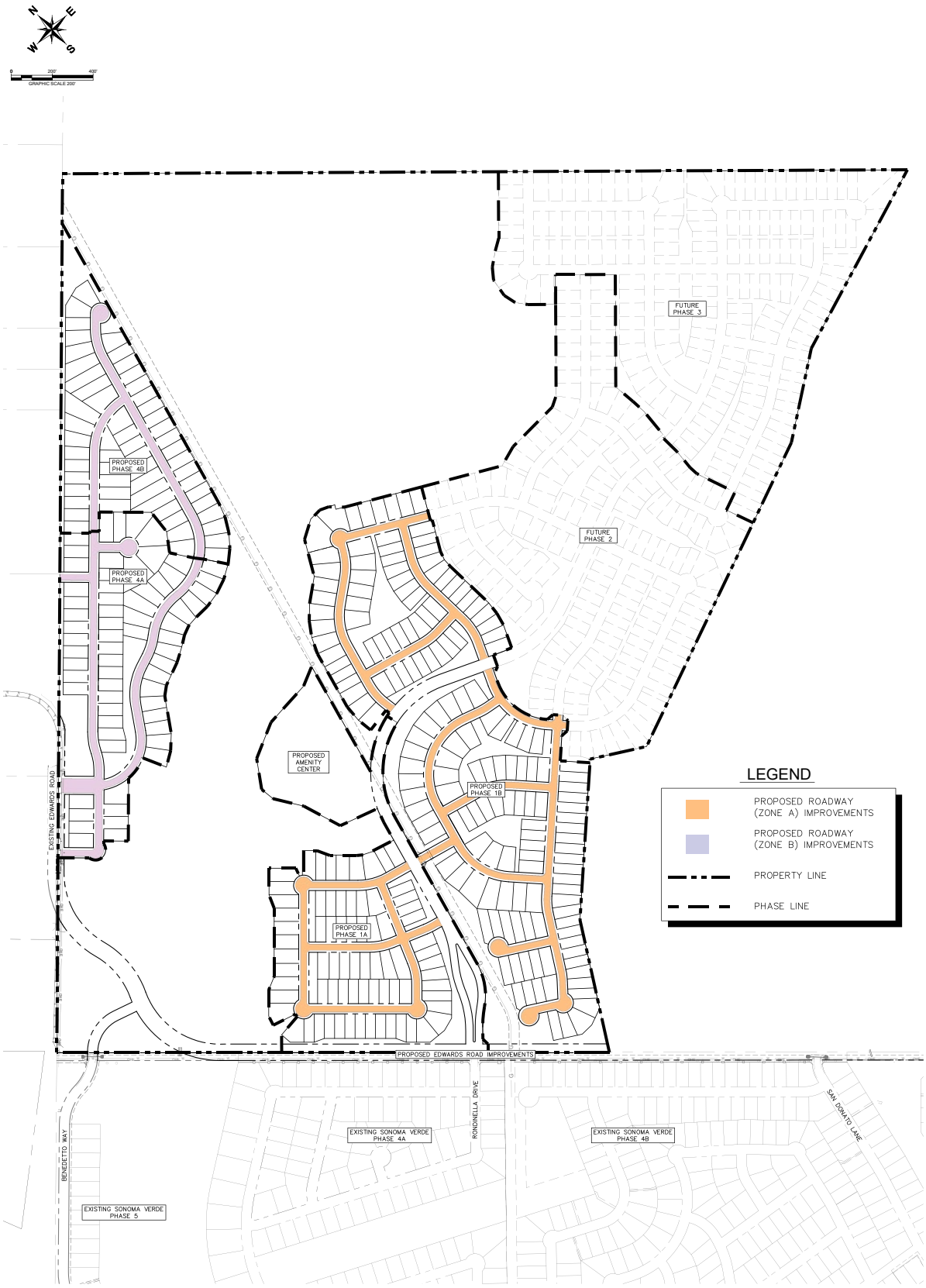
PID EXHIBIT C
ON-SITE RIGHT-OF-WAY DEDICATION

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



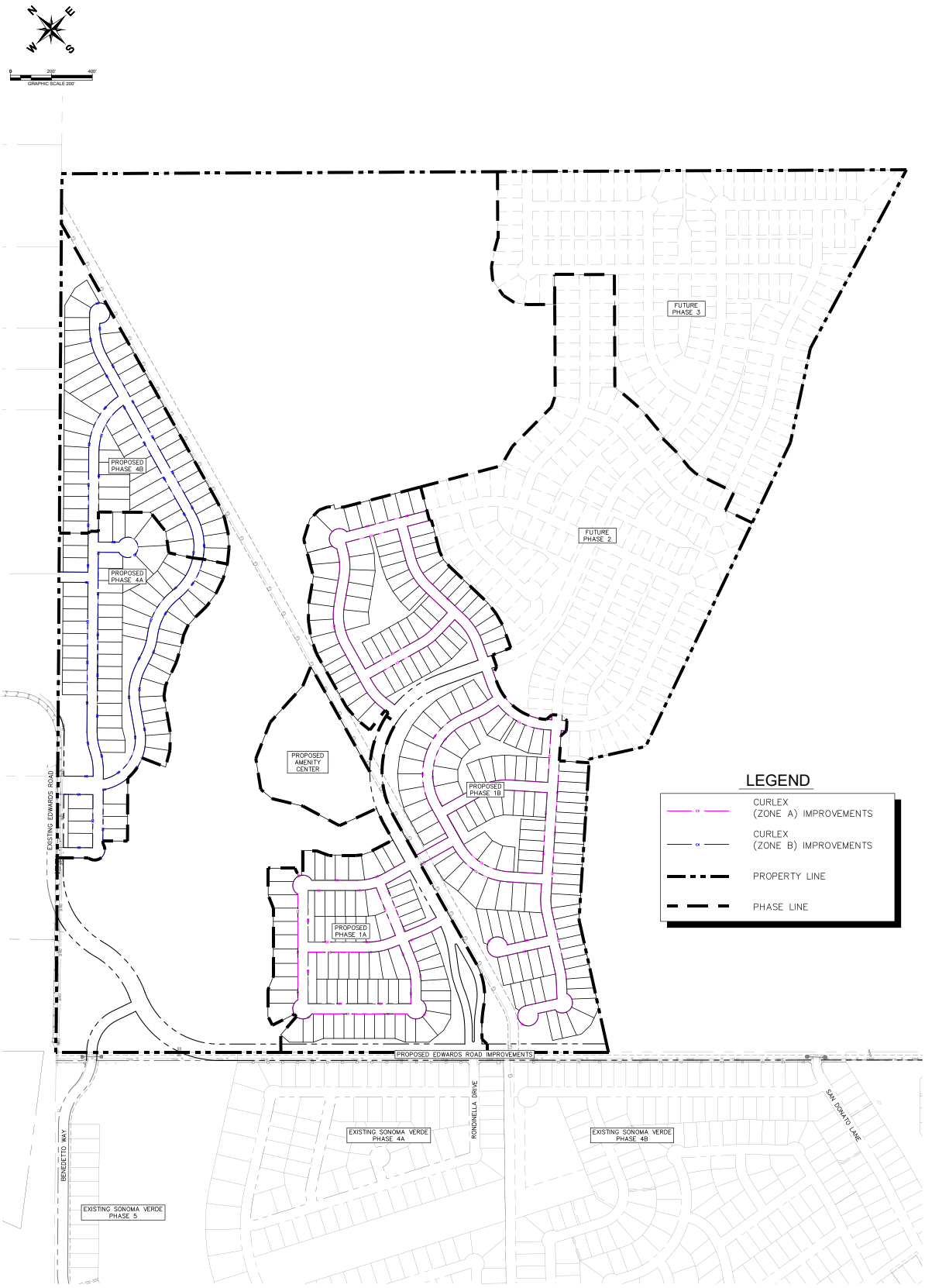
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ON-SITE STREETS

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



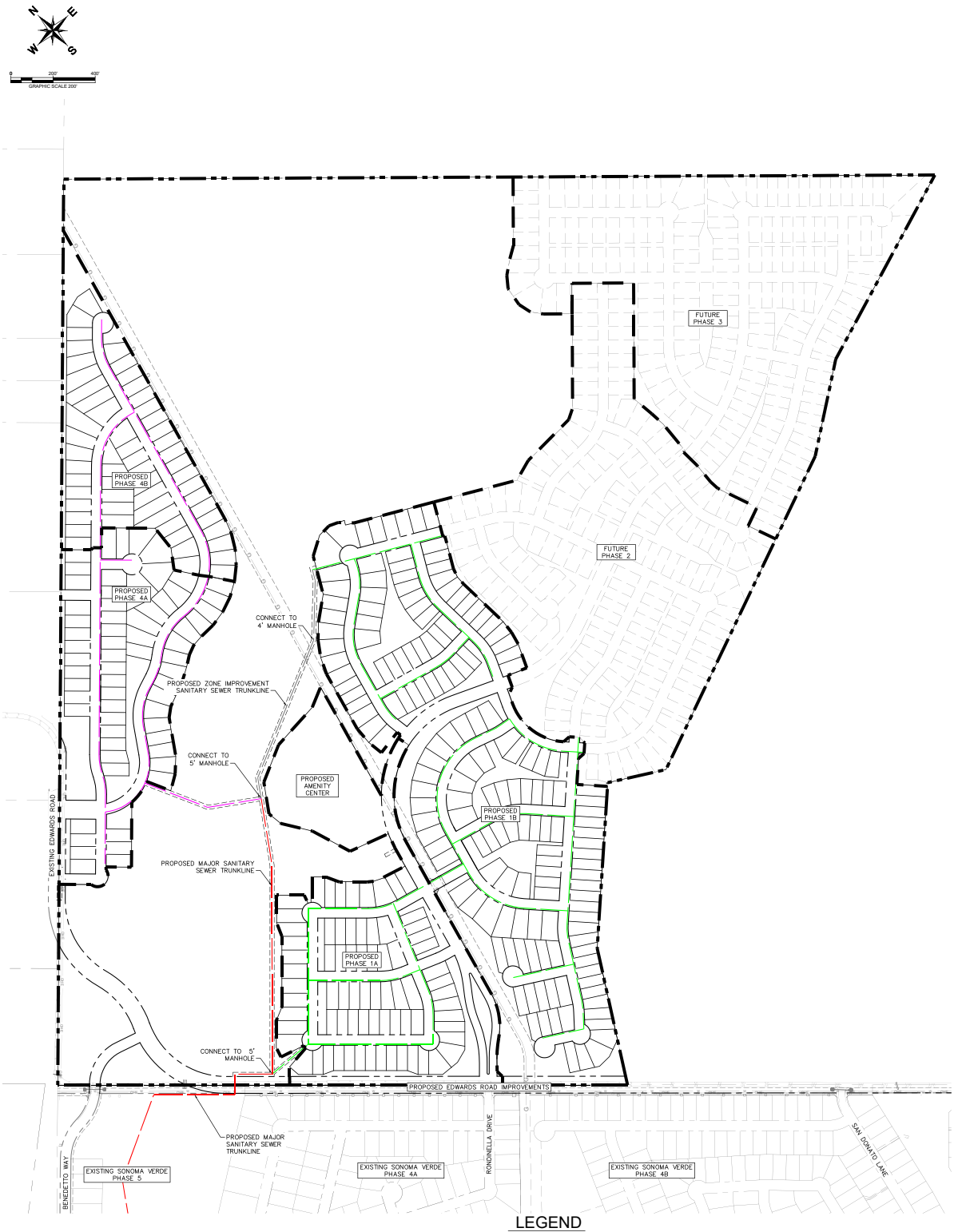
PID EXHIBIT E
ON-SITE EROSION CONTROL

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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LAST SAVED 3/12/2026 2:36 PM

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400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



LEGEND

- PROPOSED SANITARY SEWER LINE (ZONE A) IMPROVEMENTS
- PROPOSED SANITARY SEWER LINE (ZONE B) IMPROVEMENTS
- PROPOSED SANITARY SEWER LINE (ZONE IMPROVEMENT)
- PROPOSED SANITARY SEWER LINE (MAJOR INFRASTRUCTURE)
- PROPERTY LINE
- PHASE LINE

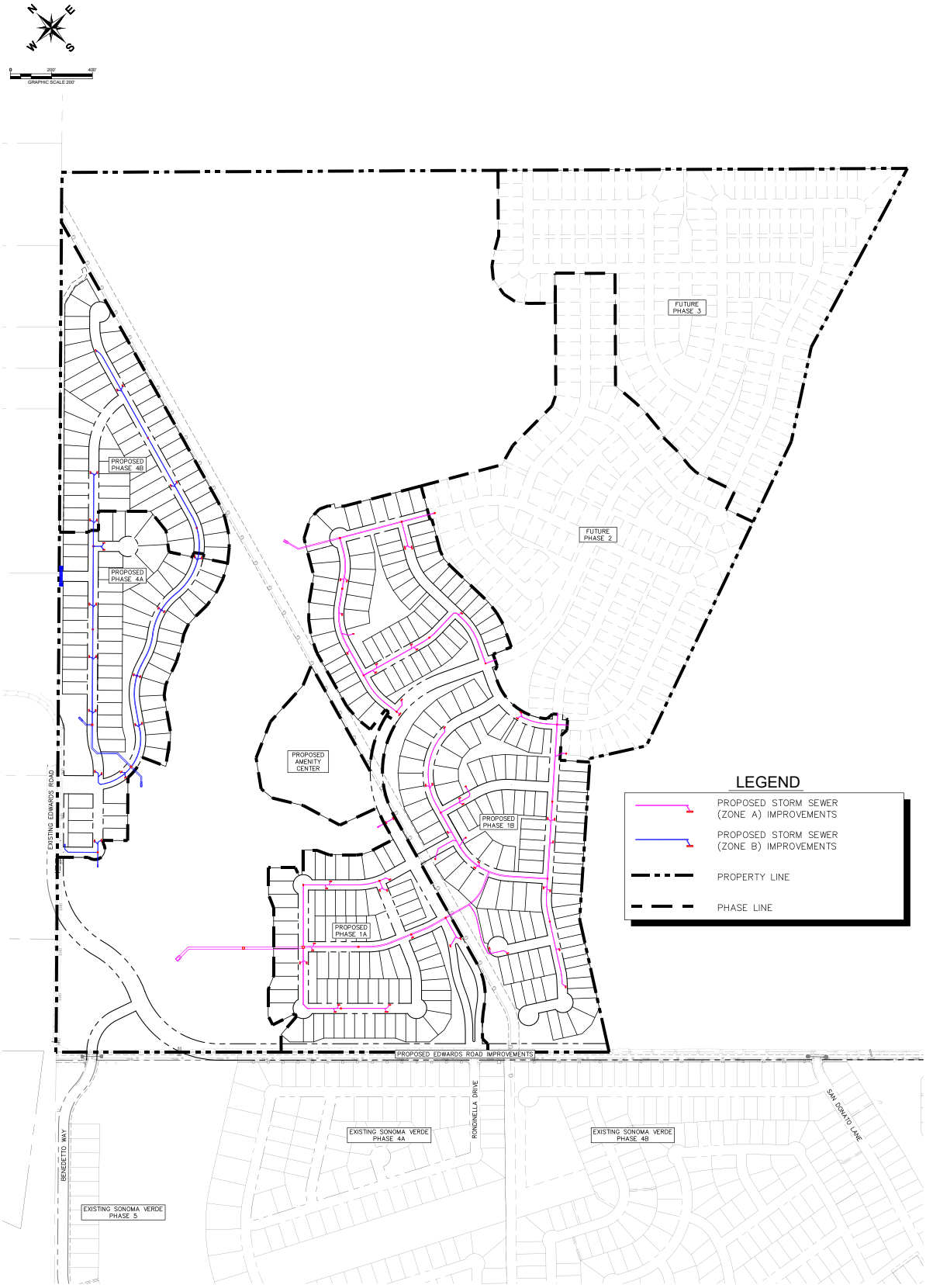
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ON-SITE SANITARY SEWER

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



PID EXHIBIT G
ON-SITE STORM SEWER

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



PID EXHIBIT H
MAJOR ROW DEDICATION

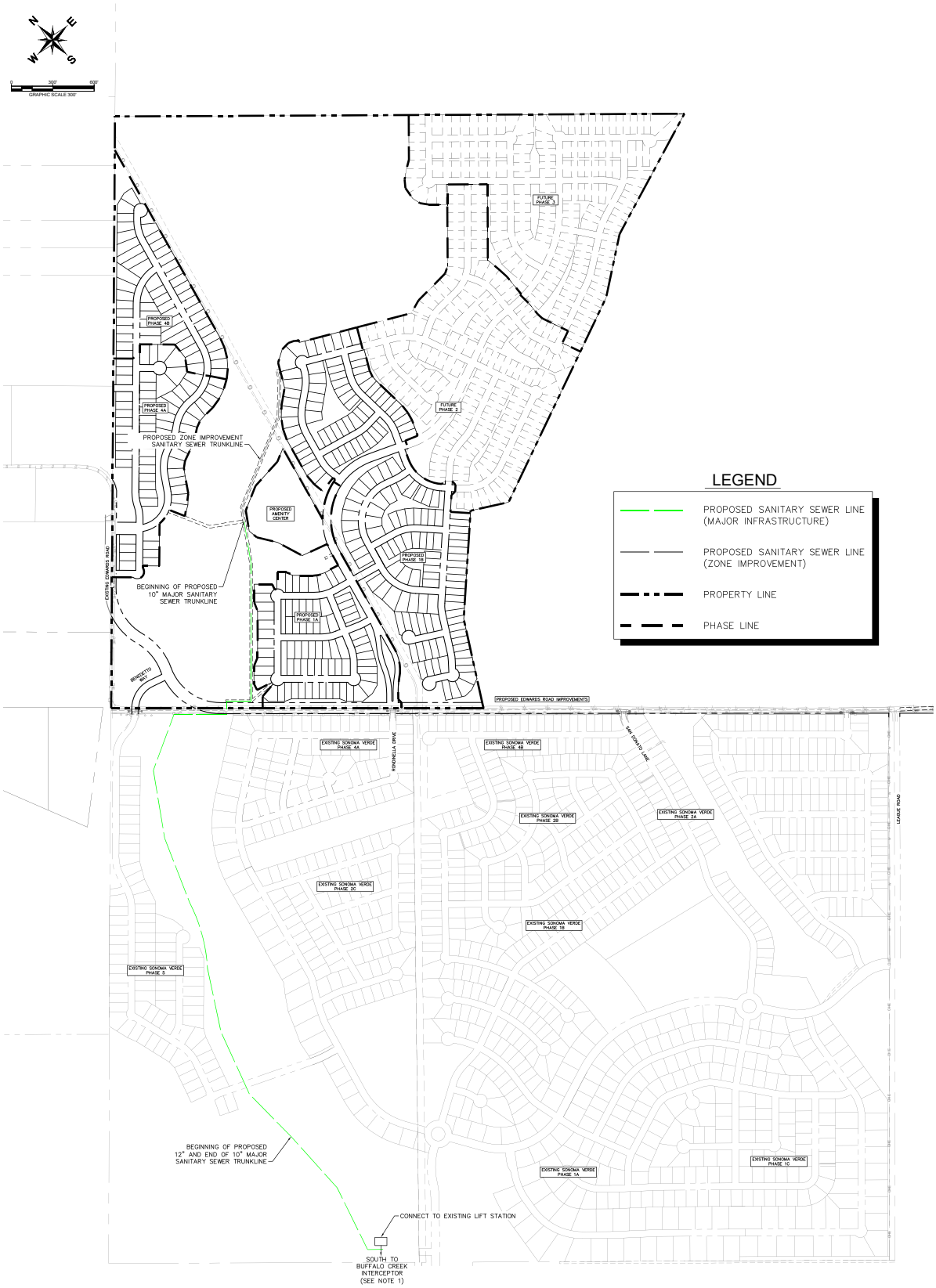
SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY ETC.



PID EXHIBIT I
MAJOR SANITARY SEWER

Sonoma Verde North

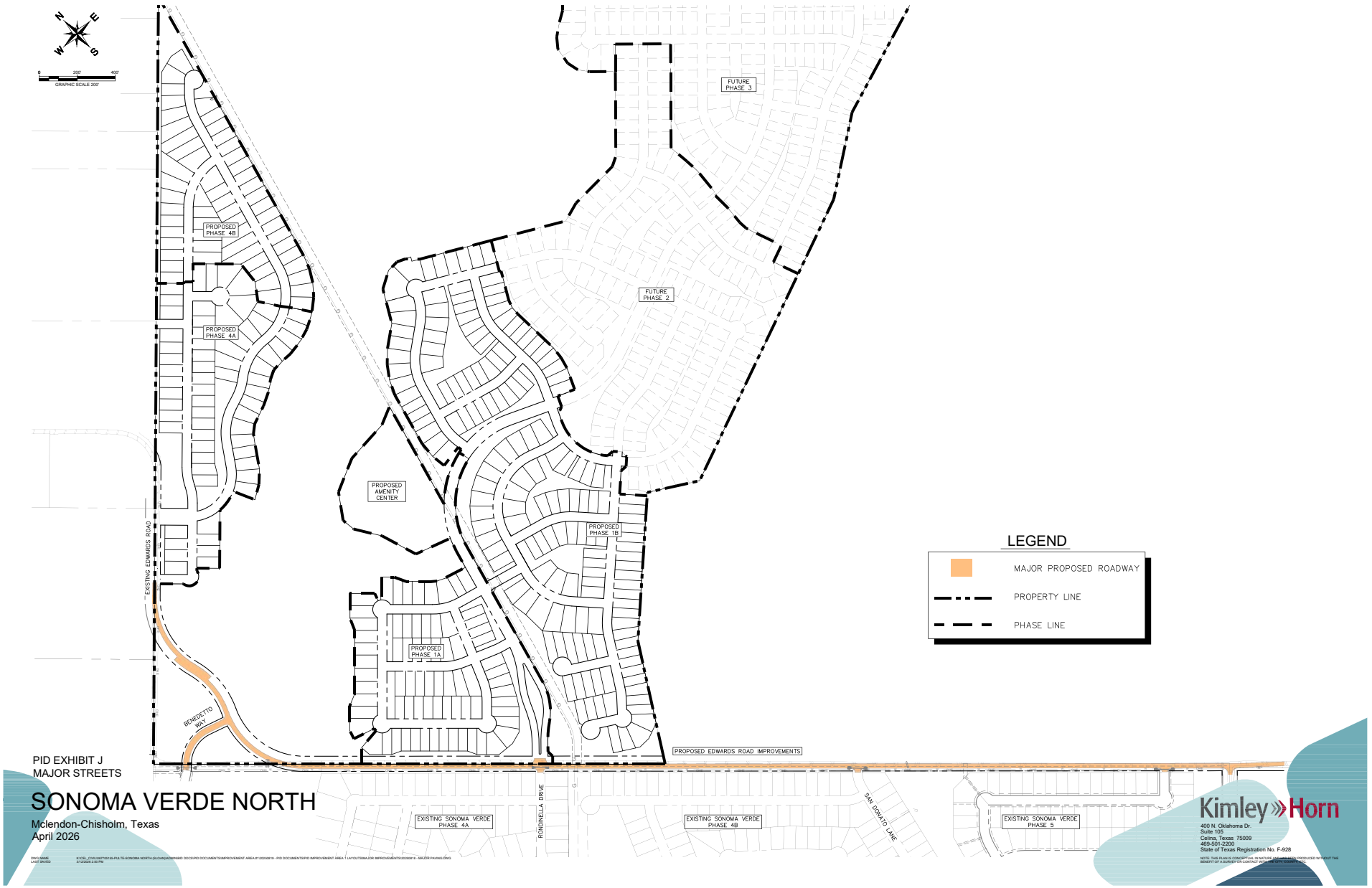
McLendon-Chisholm, Texas
April 2026

NOTES:

1. FORCEMAIN TO RUN APPROXIMATELY 26,960 LF SOUTH ALONG FM 550 TO THE BUFFALO CREEK INTERCEPTOR.

Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

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PID EXHIBIT J
MAJOR STREETS

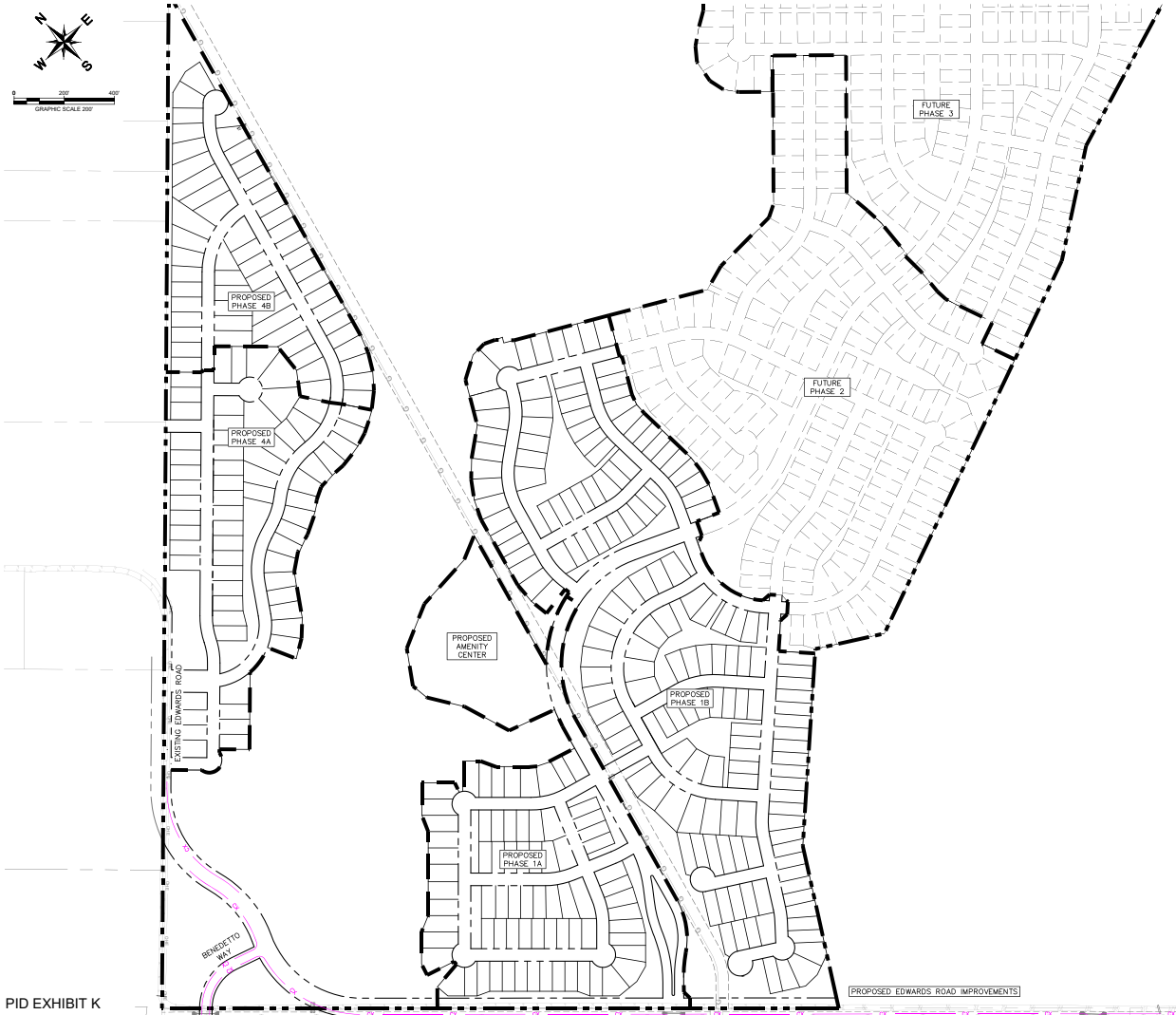
SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

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Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PREPARED OR PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY, COUNTY, ETC.



LEGEND

- MAJOR EROSION CONTROL
- PROPERTY LINE
- PHASE LINE

PID EXHIBIT K
MAJOR EROSION CONTROL

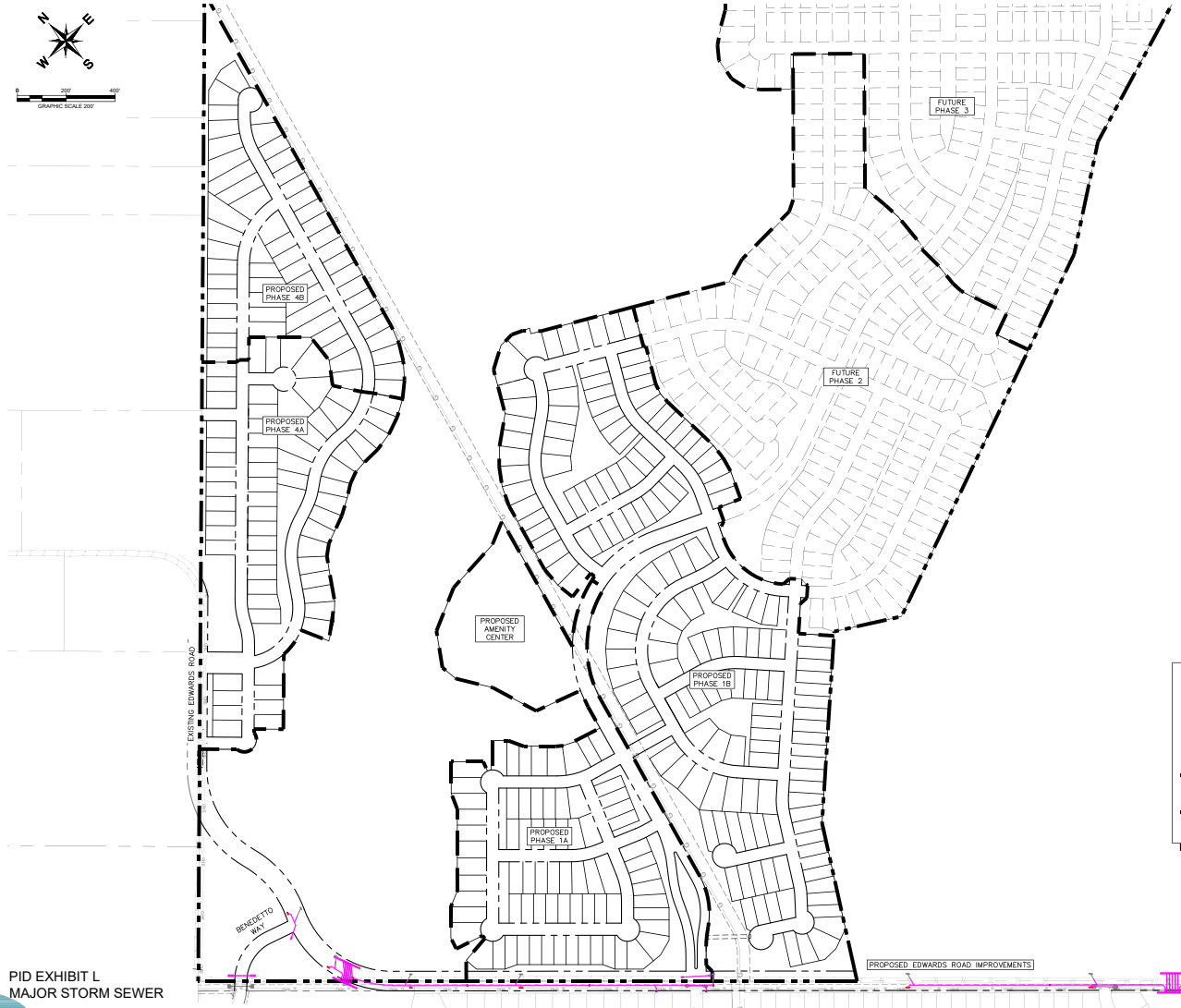
SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

DWG NAME K:\CEL_CIVIL\097750156-PULTE-SONOMA NORTH (SLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\2026\09 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUTS\MAJOR IMPROVEMENTS\20260819 - MAJOR EROSION CONTROL.DWG
LAST SAVED 3/13/2026 2:54 PM

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY ETC.



LEGEND

- PROPOSED STORM SEWER IMPROVEMENTS
- FUTURE STORM SEWER IMPROVEMENTS (BY OTHERS)
- PROPERTY LINE
- PHASE LINE

PID EXHIBIT L
MAJOR STORM SEWER

SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

DWG NAME K:\CSL_CIVIL\067750\16-PLTS-SONOMA NORTH (SLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\2026\06-19 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUT\MAJOR IMPROVEMENTS\20260627 - MAJOR STORM.DWG
LAST SAVED 3/13/2026 3:55 PM

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND IS NOT TO BE USED OR PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY ENGINEER.



LEGEND

- ZONE IMPROVEMENT ROW DEDICATION
- PROPERTY LINE
- PHASE LINE

PID EXHIBIT M
ZONE IMPROVEMENT ROW DEDICATION

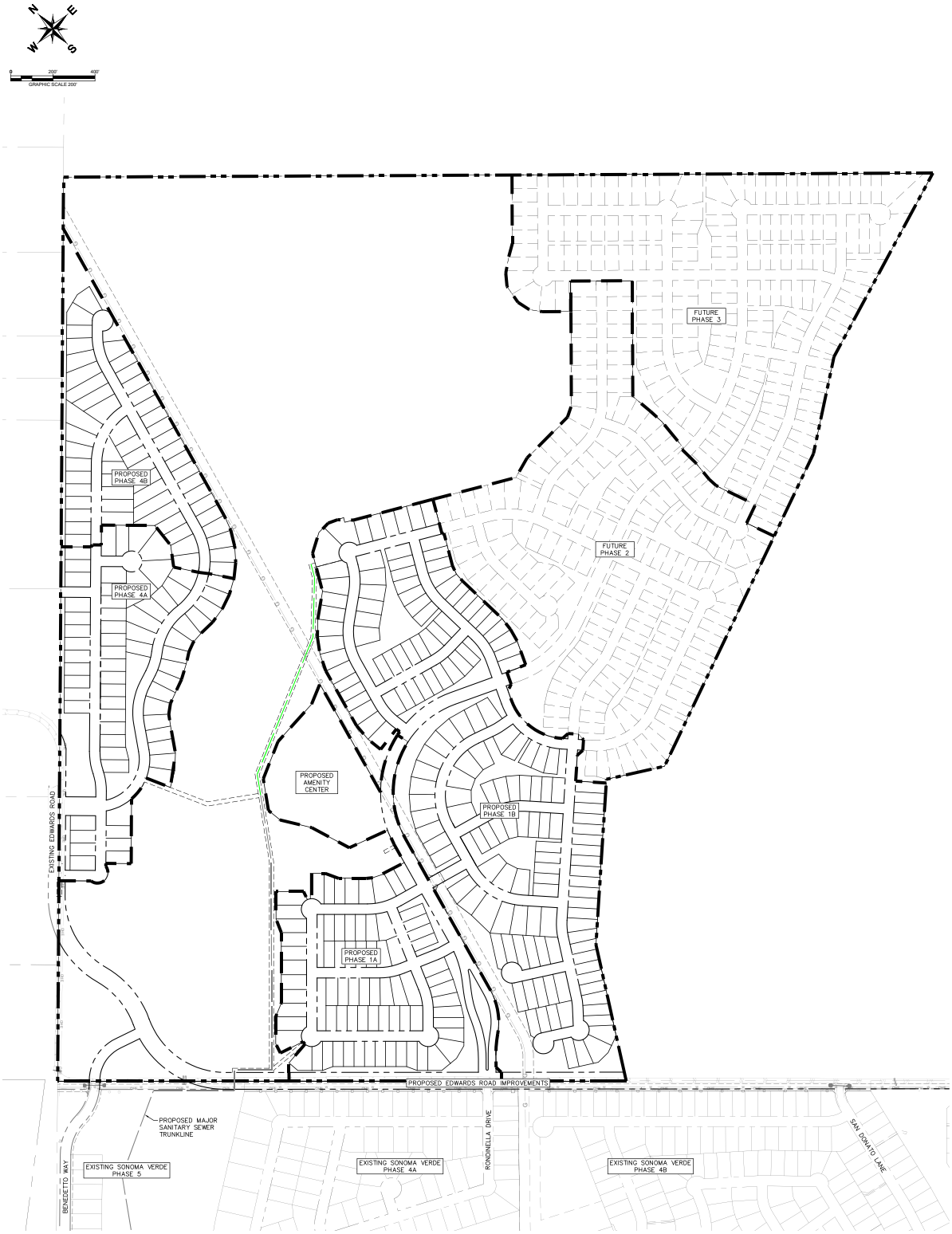
SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

DWG NAME K:\CSL_CIVIL\097150-PULTE-SONOMA NORTH (SLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\2026\09 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUT\MAJOR IMPROVEMENTS\20251117 - ZONE IMPROVEMENT ROW DEDICATION.DWG
LAST SAVED 3/12/2026 3:12 PM

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY STAFF.



LEGEND

- PROPOSED SANITARY SEWER LINE (ZONE IMPROVEMENT)
- PROPOSED SANITARY SEWER LINE (MAJOR INFRASTRUCTURE)
- PROPERTY LINE
- PHASE LINE

PID EXHIBIT N
ZONE IMPROVEMENT SANITARY SEWER

Sonoma Verde North

McLendon-Chisholm, Texas
April 2026

DWG NAME K:\CSL_CVIL\097750159-PLS-TE-SONOMA NORTH (BLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\220350819 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUTS\MAJOR IMPROVEMENTS\220351117 - ZONE IMPROVEMENT SANITARY SEWER.DWG
LAST SAVED 3/12/2026 3:16 PM

Kimley»Horn
400 N. Oklahoma Dr., Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928



PID EXHIBIT O
ZONE IMPROVEMENT STREETS

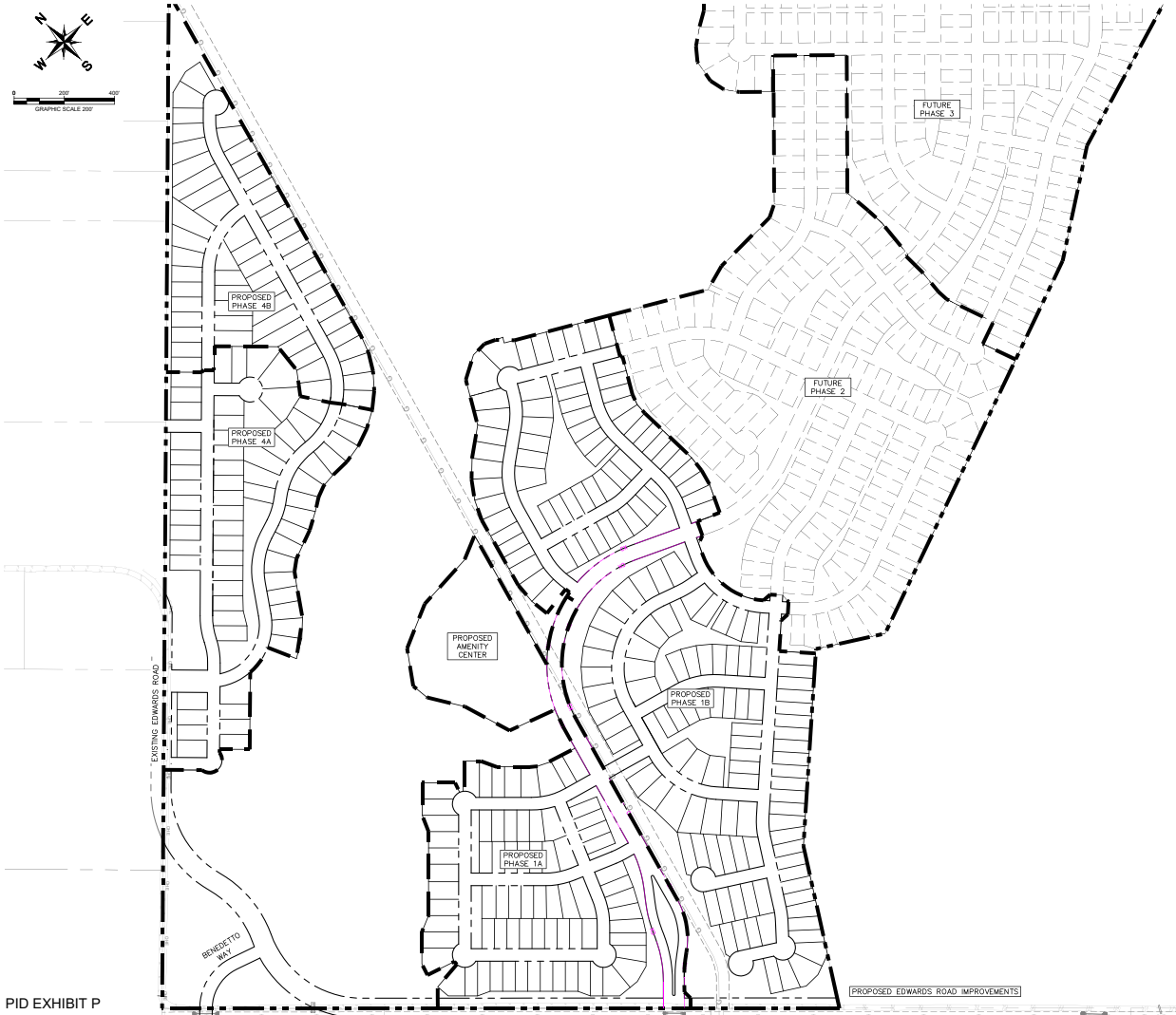
SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

DWG NAME K:\CIS_CIVIL\067150\150-PLTS-SONOMA NORTH (SLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\2026\06 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUTS\MAJOR IMPROVEMENTS\20261117 - ZONE IMPROVEMENT PAVING.DWG
LAST SAVED 3/13/2026 3:17 PM

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY STAFF.



LEGEND

- ZONE IMPROVEMENT EROSION CONTROL
- PROPERTY LINE
- PHASE LINE

PID EXHIBIT P
ZONE IMPROVEMENT
EROSION CONTROL

SONOMA VERDE NORTH

Mclendon-Chisholm, Texas
April 2026

DWG NAME K:\CSL_CIVIL\067750156-PULTE-SONOMA NORTH (SLOAN)\ADMIN\BID DOCS\PID DOCUMENTS\IMPROVEMENT AREA #1\20260319 - PID DOCUMENTS\PID IMPROVEMENT AREA 1 LAYOUTS\MAJOR IMPROVEMENTS\20261117 - ZONE IMPROVEMENT EROSION CONTROL.DWG
LAST SAVED 3/13/2026 3:23 PM

Kimley»Horn
400 N. Oklahoma Dr.
Suite 105
Celina, Texas 75009
469-501-2200
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND WAS NOT PRODUCED WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY/COUNTY, ETC.

APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Zone A Improvement Area #1

- Zone A Improvement Area #1 Initial Parcel
- Lot Type 1
- Lot Type 2

Zone B Improvement Area #1

- Zone B Improvement Area #1 Initial Parcel
- Lot Type 3

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SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A 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 MCLENDON-CHISHOLM, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

ZONE A IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: $13,144,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of McLendon-Chisholm, Texas, (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sonoma Verde North Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the McLendon-Chisholm 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.

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 Rockwall 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 Rockwall 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 Rockwall County.

ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 860,932	$ (860,932)	$ 65,720	$ 40,000	$ 105,720
2028	$ 173,000	$ 788,640	$ -	$ 65,720	$ 40,800	$ 1,068,160
2029	$ 184,000	$ 778,260	$ -	$ 64,855	$ 41,616	$ 1,068,731
2030	$ 195,000	$ 767,220	$ -	$ 63,935	$ 42,448	$ 1,068,603
2031	$ 207,000	$ 755,520	$ -	$ 62,960	$ 43,297	$ 1,068,777
2032	$ 219,000	$ 743,100	$ -	$ 61,925	$ 44,163	$ 1,068,188
2033	$ 233,000	$ 729,960	$ -	$ 60,830	$ 45,046	$ 1,068,836
2034	$ 247,000	$ 715,980	$ -	$ 59,665	$ 45,947	$ 1,068,592
2035	$ 262,000	$ 701,160	$ -	$ 58,430	$ 46,866	$ 1,068,456
2036	$ 278,000	$ 685,440	$ -	$ 57,120	$ 47,804	$ 1,068,364
2037	$ 295,000	$ 668,760	$ -	$ 55,730	$ 48,760	$ 1,068,250
2038	$ 313,000	$ 651,060	$ -	$ 54,255	$ 49,735	$ 1,068,050
2039	$ 333,000	$ 632,280	$ -	$ 52,690	$ 50,730	$ 1,068,700
2040	$ 353,000	$ 612,300	$ -	$ 51,025	$ 51,744	$ 1,068,069
2041	$ 375,000	$ 591,120	$ -	$ 49,260	$ 52,779	$ 1,068,159
2042	$ 399,000	$ 568,620	$ -	$ 47,385	$ 53,835	$ 1,068,840
2043	$ 423,000	$ 544,680	$ -	$ 45,390	$ 54,911	$ 1,067,981
2044	$ 450,000	$ 519,300	$ -	$ 43,275	$ 56,010	$ 1,068,585
2045	$ 478,000	$ 492,300	$ -	$ 41,025	$ 57,130	$ 1,068,455
2046	$ 508,000	$ 463,620	$ -	$ 38,635	$ 58,272	$ 1,068,527
2047	$ 540,000	$ 433,140	$ -	$ 36,095	$ 59,438	$ 1,068,673
2048	$ 574,000	$ 400,740	$ -	$ 33,395	$ 60,627	$ 1,068,762
2049	$ 610,000	$ 366,300	$ -	$ 30,525	$ 61,839	$ 1,068,664
2050	$ 648,000	$ 329,700	$ -	$ 27,475	$ 63,076	$ 1,068,251
2051	$ 689,000	$ 290,820	$ -	$ 24,235	$ 64,337	$ 1,068,392
2052	$ 733,000	$ 249,480	$ -	$ 20,790	$ 65,624	$ 1,068,894
2053	$ 779,000	$ 205,500	$ -	$ 17,125	$ 66,937	$ 1,068,562
2054	$ 828,000	$ 158,760	$ -	$ 13,230	$ 68,275	$ 1,068,265
2055	$ 881,000	$ 109,080	$ -	$ 9,090	$ 69,641	$ 1,068,811
2056	$ 937,000	$ 56,220	$ -	$ 4,685	$ 71,034	$ 1,068,939
Total	**$ 13,144,000**	**$ 15,869,992**	**$ (860,932)**	**$ 1,316,475**	**$ 1,622,723**	**$ 31,092,258**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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.

SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A 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[4] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF MCLENDON-CHISHOLM, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

ZONE A IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT: $51,207.66

As the purchaser of the real property described above, you are obligated to pay assessments to City of McLendon-Chisholm, Texas, (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sonoma Verde North Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the McLendon-Chisholm 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.

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.

[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 Rockwall 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][5]

[5] 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][6]

[6] 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 Rockwall 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 Rockwall County.

ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 LOT TYPE 1

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 3,354.10	$ (3,354.10)	$ 256.04	$ 155.84	$ 411.87
2028	$ 673.99	$ 3,072.46	$ -	$ 256.04	$ 158.95	$ 4,161.44
2029	$ 716.84	$ 3,032.02	$ -	$ 252.67	$ 162.13	$ 4,163.66
2030	$ 759.70	$ 2,989.01	$ -	$ 249.08	$ 165.37	$ 4,163.17
2031	$ 806.45	$ 2,943.43	$ -	$ 245.29	$ 168.68	$ 4,163.85
2032	$ 853.20	$ 2,895.04	$ -	$ 241.25	$ 172.06	$ 4,161.55
2033	$ 907.74	$ 2,843.85	$ -	$ 236.99	$ 175.50	$ 4,164.08
2034	$ 962.29	$ 2,789.38	$ -	$ 232.45	$ 179.01	$ 4,163.12
2035	$ 1,020.72	$ 2,731.65	$ -	$ 227.64	$ 182.59	$ 4,162.59
2036	$ 1,083.06	$ 2,670.40	$ -	$ 222.53	$ 186.24	$ 4,162.23
2037	$ 1,149.29	$ 2,605.42	$ -	$ 217.12	$ 189.96	$ 4,161.79
2038	$ 1,219.42	$ 2,536.46	$ -	$ 211.37	$ 193.76	$ 4,161.01
2039	$ 1,297.33	$ 2,463.30	$ -	$ 205.27	$ 197.64	$ 4,163.54
2040	$ 1,375.25	$ 2,385.46	$ -	$ 198.79	$ 201.59	$ 4,161.09
2041	$ 1,460.96	$ 2,302.94	$ -	$ 191.91	$ 205.62	$ 4,161.44
2042	$ 1,554.46	$ 2,215.28	$ -	$ 184.61	$ 209.73	$ 4,164.09
2043	$ 1,647.96	$ 2,122.02	$ -	$ 176.83	$ 213.93	$ 4,160.74
2044	$ 1,753.15	$ 2,023.14	$ -	$ 168.59	$ 218.21	$ 4,163.09
2045	$ 1,862.24	$ 1,917.95	$ -	$ 159.83	$ 222.57	$ 4,162.59
2046	$ 1,979.12	$ 1,806.22	$ -	$ 150.52	$ 227.02	$ 4,162.87
2047	$ 2,103.78	$ 1,687.47	$ -	$ 140.62	$ 231.56	$ 4,163.44
2048	$ 2,236.24	$ 1,561.24	$ -	$ 130.10	$ 236.20	$ 4,163.78
2049	$ 2,376.50	$ 1,427.07	$ -	$ 118.92	$ 240.92	$ 4,163.40
2050	$ 2,524.54	$ 1,284.48	$ -	$ 107.04	$ 245.74	$ 4,161.79
2051	$ 2,684.27	$ 1,133.00	$ -	$ 94.42	$ 250.65	$ 4,162.35
2052	$ 2,855.69	$ 971.95	$ -	$ 81.00	$ 255.67	$ 4,164.30
2053	$ 3,034.90	$ 800.61	$ -	$ 66.72	$ 260.78	$ 4,163.01
2054	$ 3,225.80	$ 618.51	$ -	$ 51.54	$ 265.99	$ 4,161.85
2055	$ 3,432.28	$ 424.96	$ -	$ 35.41	$ 271.31	$ 4,163.98
2056	$ 3,650.45	$ 219.03	$ -	$ 18.25	$ 276.74	$ 4,164.47
Total	**$ 51,207.66**	**$ 61,827.84**	**$ (3,354.10)**	**$ 5,128.85**	**$ 6,321.96**	**$ 121,132.20**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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.

SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A 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[7] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF MCLENDON-CHISHOLM, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

ZONE A IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT: $67,534.14

As the purchaser of the real property described above, you are obligated to pay assessments to City of McLendon-Chisholm, Texas, (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sonoma Verde North Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the McLendon-Chisholm 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.

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.

[7] 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 Rockwall 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][8]

[8] 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][9]

[9] 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 Rockwall 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 Rockwall County.

ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 LOT TYPE 2

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 4,423.49	$ (4,423.49)	$ 337.67	$ 205.52	$ 543.19
2028	$ 888.88	$ 4,052.05	$ -	$ 337.67	$ 209.63	$ 5,488.23
2029	$ 945.40	$ 3,998.72	$ -	$ 333.23	$ 213.82	$ 5,491.16
2030	$ 1,001.91	$ 3,941.99	$ -	$ 328.50	$ 218.10	$ 5,490.51
2031	$ 1,063.57	$ 3,881.88	$ -	$ 323.49	$ 222.46	$ 5,491.40
2032	$ 1,125.23	$ 3,818.06	$ -	$ 318.17	$ 226.91	$ 5,488.37
2033	$ 1,197.16	$ 3,750.55	$ -	$ 312.55	$ 231.45	$ 5,491.70
2034	$ 1,269.09	$ 3,678.72	$ -	$ 306.56	$ 236.08	$ 5,490.45
2035	$ 1,346.16	$ 3,602.57	$ -	$ 300.21	$ 240.80	$ 5,489.75
2036	$ 1,428.37	$ 3,521.80	$ -	$ 293.48	$ 245.62	$ 5,489.27
2037	$ 1,515.72	$ 3,436.10	$ -	$ 286.34	$ 250.53	$ 5,488.69
2038	$ 1,608.20	$ 3,345.16	$ -	$ 278.76	$ 255.54	$ 5,487.66
2039	$ 1,710.96	$ 3,248.67	$ -	$ 270.72	$ 260.65	$ 5,491.00
2040	$ 1,813.72	$ 3,146.01	$ -	$ 262.17	$ 265.86	$ 5,487.76
2041	$ 1,926.76	$ 3,037.19	$ -	$ 253.10	$ 271.18	$ 5,488.22
2042	$ 2,050.07	$ 2,921.58	$ -	$ 243.47	$ 276.60	$ 5,491.72
2043	$ 2,173.38	$ 2,798.58	$ -	$ 233.21	$ 282.14	$ 5,487.31
2044	$ 2,312.11	$ 2,668.17	$ -	$ 222.35	$ 287.78	$ 5,490.41
2045	$ 2,455.97	$ 2,529.45	$ -	$ 210.79	$ 293.53	$ 5,489.74
2046	$ 2,610.11	$ 2,382.09	$ -	$ 198.51	$ 299.41	$ 5,490.12
2047	$ 2,774.53	$ 2,225.48	$ -	$ 185.46	$ 305.39	$ 5,490.86
2048	$ 2,949.22	$ 2,059.01	$ -	$ 171.58	$ 311.50	$ 5,491.32
2049	$ 3,134.19	$ 1,882.06	$ -	$ 156.84	$ 317.73	$ 5,490.82
2050	$ 3,329.44	$ 1,694.01	$ -	$ 141.17	$ 324.09	$ 5,488.70
2051	$ 3,540.10	$ 1,494.24	$ -	$ 124.52	$ 330.57	$ 5,489.42
2052	$ 3,766.17	$ 1,281.83	$ -	$ 106.82	$ 337.18	$ 5,492.00
2053	$ 4,002.52	$ 1,055.86	$ -	$ 87.99	$ 343.92	$ 5,490.29
2054	$ 4,254.28	$ 815.71	$ -	$ 67.98	$ 350.80	$ 5,488.77
2055	$ 4,526.60	$ 560.46	$ -	$ 46.70	$ 357.82	$ 5,491.57
2056	$ 4,814.33	$ 288.86	$ -	$ 24.07	$ 364.97	$ 5,492.23
Total	**$ 67,534.14**	**$ 81,540.34**	**$ (4,423.49)**	**$ 6,764.08**	**$ 8,337.58**	**$ 159,752.65**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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.

SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE B
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[10] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF MCLENDON-CHISHOLM, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

ZONE B IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: $4,826,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of McLendon-Chisholm, Texas, (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sonoma Verde North Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the McLendon-Chisholm 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.

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.

[10] 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 Rockwall 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][11]

[11] 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][12]

[12] 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 Rockwall 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 Rockwall County.

ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 316,103	$ (316,103)	$ 24,130	$ 40,000	$ 64,130
2028	$ 70,000	$ 289,560	$ -	$ 24,130	$ 40,800	$ 424,490
2029	$ 73,000	$ 285,360	$ -	$ 23,780	$ 41,616	$ 423,756
2030	$ 77,000	$ 280,980	$ -	$ 23,415	$ 42,448	$ 423,843
2031	$ 81,000	$ 276,360	$ -	$ 23,030	$ 43,297	$ 423,687
2032	$ 86,000	$ 271,500	$ -	$ 22,625	$ 44,163	$ 424,288
2033	$ 90,000	$ 266,340	$ -	$ 22,195	$ 45,046	$ 423,581
2034	$ 95,000	$ 260,940	$ -	$ 21,745	$ 45,947	$ 423,632
2035	$ 101,000	$ 255,240	$ -	$ 21,270	$ 46,866	$ 424,376
2036	$ 106,000	$ 249,180	$ -	$ 20,765	$ 47,804	$ 423,749
2037	$ 112,000	$ 242,820	$ -	$ 20,235	$ 48,760	$ 423,815
2038	$ 119,000	$ 236,100	$ -	$ 19,675	$ 49,735	$ 424,510
2039	$ 125,000	$ 228,960	$ -	$ 19,080	$ 50,730	$ 423,770
2040	$ 133,000	$ 221,460	$ -	$ 18,455	$ 51,744	$ 424,659
2041	$ 140,000	$ 213,480	$ -	$ 17,790	$ 52,779	$ 424,049
2042	$ 148,000	$ 205,080	$ -	$ 17,090	$ 53,835	$ 424,005
2043	$ 157,000	$ 196,200	$ -	$ 16,350	$ 54,911	$ 424,461
2044	$ 166,000	$ 186,780	$ -	$ 15,565	$ 56,010	$ 424,355
2045	$ 175,000	$ 176,820	$ -	$ 14,735	$ 57,130	$ 423,685
2046	$ 186,000	$ 166,320	$ -	$ 13,860	$ 58,272	$ 424,452
2047	$ 197,000	$ 155,160	$ -	$ 12,930	$ 59,438	$ 424,528
2048	$ 208,000	$ 143,340	$ -	$ 11,945	$ 60,627	$ 423,912
2049	$ 220,000	$ 130,860	$ -	$ 10,905	$ 61,839	$ 423,604
2050	$ 234,000	$ 117,660	$ -	$ 9,805	$ 63,076	$ 424,541
2051	$ 248,000	$ 103,620	$ -	$ 8,635	$ 64,337	$ 424,592
2052	$ 262,000	$ 88,740	$ -	$ 7,395	$ 65,624	$ 423,759
2053	$ 278,000	$ 73,020	$ -	$ 6,085	$ 66,937	$ 424,042
2054	$ 295,000	$ 56,340	$ -	$ 4,695	$ 68,275	$ 424,310
2055	$ 313,000	$ 38,640	$ -	$ 3,220	$ 69,641	$ 424,501
2056	$ 331,000	$ 19,860	$ -	$ 1,655	$ 71,034	$ 423,549
Total	**$ 4,826,000**	**$ 5,752,823**	**$ (316,103)**	**$ 477,190**	**$ 1,622,723**	**$ 12,362,633**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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.

SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE B
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[13] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF MCLENDON-CHISHOLM, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

ZONE B IMPROVEMENT AREA #1 LOT TYPE 3 PRINCIPAL ASSESSMENT: $39,884.30

As the purchaser of the real property described above, you are obligated to pay assessments to City of McLendon-Chisholm, Texas, (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sonoma Verde North Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the McLendon-Chisholm 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.

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.

[13] 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 Rockwall 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][14]

[14] 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][15]

[15] 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 Rockwall 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 Rockwall County.

ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 LOT TYPE 3

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ -	$ 2,612.42	$ (2,612.42)	$ 199.42	$ 330.58	$ 530.00
2028	$ 578.51	$ 2,393.06	$ -	$ 199.42	$ 337.19	$ 3,508.18
2029	$ 603.31	$ 2,358.35	$ -	$ 196.53	$ 343.93	$ 3,502.12
2030	$ 636.36	$ 2,322.15	$ -	$ 193.51	$ 350.81	$ 3,502.84
2031	$ 669.42	$ 2,283.97	$ -	$ 190.33	$ 357.83	$ 3,501.55
2032	$ 710.74	$ 2,243.80	$ -	$ 186.98	$ 364.99	$ 3,506.51
2033	$ 743.80	$ 2,201.16	$ -	$ 183.43	$ 372.29	$ 3,500.67
2034	$ 785.12	$ 2,156.53	$ -	$ 179.71	$ 379.73	$ 3,501.09
2035	$ 834.71	$ 2,109.42	$ -	$ 175.79	$ 387.33	$ 3,507.24
2036	$ 876.03	$ 2,059.34	$ -	$ 171.61	$ 395.07	$ 3,502.06
2037	$ 925.62	$ 2,006.78	$ -	$ 167.23	$ 402.97	$ 3,502.60
2038	$ 983.47	$ 1,951.24	$ -	$ 162.60	$ 411.03	$ 3,508.35
2039	$ 1,033.06	$ 1,892.23	$ -	$ 157.69	$ 419.25	$ 3,502.23
2040	$ 1,099.17	$ 1,830.25	$ -	$ 152.52	$ 427.64	$ 3,509.58
2041	$ 1,157.02	$ 1,764.30	$ -	$ 147.02	$ 436.19	$ 3,504.54
2042	$ 1,223.14	$ 1,694.88	$ -	$ 141.24	$ 444.92	$ 3,504.17
2043	$ 1,297.52	$ 1,621.49	$ -	$ 135.12	$ 453.81	$ 3,507.95
2044	$ 1,371.90	$ 1,543.64	$ -	$ 128.64	$ 462.89	$ 3,507.06
2045	$ 1,446.28	$ 1,461.32	$ -	$ 121.78	$ 472.15	$ 3,501.53
2046	$ 1,537.19	$ 1,374.55	$ -	$ 114.55	$ 481.59	$ 3,507.87
2047	$ 1,628.10	$ 1,282.31	$ -	$ 106.86	$ 491.22	$ 3,508.50
2048	$ 1,719.01	$ 1,184.63	$ -	$ 98.72	$ 501.05	$ 3,503.40
2049	$ 1,818.18	$ 1,081.49	$ -	$ 90.12	$ 511.07	$ 3,500.86
2050	$ 1,933.88	$ 972.40	$ -	$ 81.03	$ 521.29	$ 3,508.60
2051	$ 2,049.59	$ 856.36	$ -	$ 71.36	$ 531.71	$ 3,509.03
2052	$ 2,165.29	$ 733.39	$ -	$ 61.12	$ 542.35	$ 3,502.14
2053	$ 2,297.52	$ 603.47	$ -	$ 50.29	$ 553.20	$ 3,504.48
2054	$ 2,438.02	$ 465.62	$ -	$ 38.80	$ 564.26	$ 3,506.70
2055	$ 2,586.78	$ 319.34	$ -	$ 26.61	$ 575.55	$ 3,508.27
2056	$ 2,735.54	$ 164.13	$ -	$ 13.68	$ 587.06	$ 3,500.40
Total	**$ 39,884.30**	**$ 47,543.99**	**$ (2,612.42)**	**$ 3,943.72**	**$ 13,410.94**	**$ 102,170.52**

Footnotes:

[a] Interest is calculated at a 6.0% rate for illustrative purposes.

[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.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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McCALL
PARKHURST & HORTON

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 MCLENDON-CHISHOLM, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL for the City of McLendon-Chisholm, Texas (the "City"), 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, 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 City and other pertinent instruments furnished by the City 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 City 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 City which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the City and Wilmington Trust, National Association (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the City, (iii) the Bonds constitute valid and legally binding special obligations of the City secured as set forth 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 CITY 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 that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners 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 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 with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as

the taxpayer. We observe that the City 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 City, and, in that capacity, we have been engaged by the City 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 City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the City'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 MCLENDON-CHISHOLM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of August 1, 2026 (this "Disclosure Agreement"), is executed and delivered by and among the City of McLendon-Chisholm, Texas (the "Issuer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the "Dissemination Agent"), with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)" (the "Bonds"). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 1, 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 twelve (12) months after the end of the Issuer's Fiscal Year. The Annual Financials Filing Date is currently September 30.

"Annual Information Filing Date" shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer's Fiscal Year. The Annual Information Filing Date is currently March 31.

"Assessments" shall have the meaning assigned to Improvement Area #1 Assessments in the Indenture.

"Collections Reporting Date" shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

"Delinquency Date" shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

"Disclosure Agreement of Developer" shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of August 1, 2026, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

"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 HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean Sonoma Verde North Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access system currently available on the internet at http://emma.msrb.org.

"Filing Date" means, collectively, an Annual Financials Filing Date, an Annual Information Filing Date and an Annual Collections Report Filing Date, or, individually, as the context requires, an Annual Financials Filing Date, an Annual Information Filing Date or an Annual Collections Report Filing Date.

"Final Assessment Payment Date" shall mean the calendar day preceding the Delinquency Date.

"Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the Issuer's fiscal year, currently the twelve-month period from October 1 through September 30.

"Improvement Area #1" shall mean, collectively, Zone A Improvement Area #1 and Zone B Improvement Area #1.

"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.

"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.

"Zone A Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Zone B Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2026, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, the Annual Financial Information and the Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB not later than the Annual Financials Filing Date, or if audited Annual Financial Statements are not available by the Annual Financials Filing Date, unaudited Annual Financial Statements, provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement.

In each case, the Annual Financial Information and Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) As soon as available, the Issuer shall provide the Annual Financial Information or Annual Financial Statements, as applicable, to the Dissemination Agent together with written direction to file such Annual Financial Information or Annual Financial Statements with the MSRB. The Dissemination

Agent shall provide such Annual Financial Information or Annual Financial Statements to the MSRB no later than the applicable Filing Date for such Fiscal Year.

If by the fifth (5th) day before the applicable Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Annual Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Financial Information or Annual Financial Statements pursuant to subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, 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, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the applicable Filing Date.

(c) The Dissemination Agent, pursuant to written direction, shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and the Annual Financial Statements on the dates required in subsection (a);

(ii) on behalf of the Issuer, file the Annual Financial Information and the Annual Financial Statements containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Financial Information and the Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements with the MSRB, then the Dissemination Agent shall provide written confirmation to 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.

SECTION 4. Content and Timing of Annual Financial Information and Annual Financial Statements.

(a) *Annual Financial Information*. The Annual Financial Information for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):

(i) Information regarding the Bonds and the Trustee in substantially similar form to that shown in the tables provided under Section 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 Section 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; and

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) *Annual Financial Statements*. The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date the audited Annual Financial Statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If the audited Annual Financial Statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited Annual Financial Statements of the Issuer no later than the Annual Financials Filing Date and audited Annual Financial Statements when and if available.

(c) See Exhibit B hereto for a form for submitting the information set forth in subsection 4(a) above. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed forms containing financial information and operating data as shown in Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer, pursuant to written direction (which written document may be made by electronic means).

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached hereto as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of Holders, 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 will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written 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 two (2) Business Days following the day on which it receives such written

instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of the City's bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to

any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the Fiscal Year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being

indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) 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, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive 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 Section 4(a) and 4(b), respectively, or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit Annual Financial Information, Annual Financial Statements, or the Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent 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.

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 or refraining from acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator and the Dissemination Agent agree that the legal expenses of the Dissemination Agent, which it is expressly entitled to be paid under this paragraph 12(a), are expenses which may be paid from the Annual Collection Costs.

(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 indemnify and hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator and the Dissemination Agent agree that the legal expenses of the Administrator, which it is expressly entitled to be paid under this paragraph 12(b), are expenses which may be paid from the Annual Collection Costs.

(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, EXCEPT AS DESCRIBED IN SECTION 11 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be

included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications**.** The Dissemination Agent and the Administrator each respectively make the following representations and 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 applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Dissemination Agent and the Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator's participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The Issuer hereby confirms receipt of the Form 1295 from the Administrator and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Notice. Any written notice required to be given or made hereunder among or between any of the Issuer, the Trustee, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such under this Disclosure Agreement.

If to the Dissemination Agent:
HTS Continuing Disclosure Services
Attn: Tanya Calvit
717 North Harwood Street, Suite 3400
Dallas, Texas 75201
Email: Tanya.calvit@hilltopsecurities.com

If to Trustee:
Wilmington Trust, National Association
Attn: Brian Jensen
15950 North Dallas Parkway, Suite 200
Dallas, Texas 75248
Email: bjensen@wilmingtontrust.com

If to Administrator:
P3Works, LLC
9284 Huntington Square, Ste 100
North Richland Hills, Texas 76182
Email: admin@p3-works.com

If to the Issuer:
City of McLendon-Chisholm
Attn: City Manager
808 Martin Luther King Jr. St.
McLendon-Chisholm, Texas 78626
Email: ms@McLendon-Chisholmtexas.gov

If to Participating Underwriter: FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: Tdavenport@fmsbonds.com

SECTION 22. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 23. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

(Signature pages follow.)

CITY OF MCLENDON-CHISHOLM, TEXAS

By: _____
Mayor

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

P3Works, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED ANNUAL FINANCIAL STATEMENTS]

Name of Issuer:	City of McLendon-Chisholm, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects) (the "Bonds")
CUSIP Nos.	[insert CUSIP NOs.]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that the City of McLendon-Chisholm, Texas (the "Issuer"), has not provided [Annual Financial Information][an Annual Collections Report][audited/unaudited Annual Financial Statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of August 1, 2026, by and among the Issuer, P3Works, LLC, as "Administrator," and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as "Dissemination Agent." The Issuer anticipates that [the Annual Financial Information][the Annual Collections Report][audited/unaudited Annual Financial Statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.,
on behalf of the City of McLendon-Chisholm, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of McLendon-Chisholm, Texas

EXHIBIT B

CITY OF MCLENDON-CHISHOLM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.
Address:
City:
Telephone:
Contact Person:

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 TRUST ESTATE

Cash Position of Trust Estate for statements dated September 30, 20[__]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[__] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

Year Ending (September 30)	Principal	Interest	Total

Top [Five] Assessment Payers in Improvement Area #1 [(1)]

Property Owner	No. of Parcels/Lots	Percentage of Parcels/Lots	Outstanding Assessments	Percentage of Total Assessments

[(1)] Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately $[AMOUNT] according to the Williamson Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
	$		$		$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied[1]	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Annual Installments Collected[2]
	$		$	%	$	%	$
20__							
20__							
20__							
20__							

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

[2] [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
	%	
20__		
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
		$		$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

CITY OF MCLENDON-CHISHOLM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: [_____]
Address: [_____]
City: [_____, Texas _____]
Telephone: (___) ___-____
Contact Person: Attn: _____

SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE AGREEMENT

Foreclosure History Related To The Annual Installments[1]

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	$		$		$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments [1]

Succeeding Fiscal Year	Total Annual Installments Levied	Parcels Levied[2]	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Total Annual Installments Collected[3]
20__	$		$	%	$

[1] Period covered includes October 1, 20__ through March 1, 20__.

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

[3] [Does/does not] include interest and penalties.

Prepayment of Assessments[1]

Succeeding Fiscal Year	Number of Prepayments	Amount of Prepayments $	Bond Call Date	Amount of Bonds Redeemed $

[1] Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES[1]

Date	Delinquency Clock (Days)	Activity
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies. Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September. **If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and the Dissemination Agent should be immediately notified in writing**.
March 15	43/44	Trustee pays bond interest payments to Owners. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of a draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund, if applicable.

[1] Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

April 1	59/60	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.
July 1	**152/153**	**Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the County Tax Assessor-Collector procedures.** [2] **Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.** **Issuer notifies Trustee and Dissemination Agent in writing of the commencement of preliminary foreclosure activity.** If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer. If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections and if instructed by the Owners under Section 11.2 of the Indenture, 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).

[2] If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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CITY OF MCLENDON-CHISHOLM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of August 1, 2026 (this "Disclosure Agreement"), is executed and delivered by and among Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the "Dissemination Agent") with respect to the captioned bonds (the "Bonds"). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of August 1, 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 the amenities to be constructed in connection with the development of Improvement Area #1 of the District, including, but not limited to, (i) the landscaping and hardscaping for Improvement Area #1, (ii) the amenity center to be constructed in Zone A Improvement Area #1, including a clubhouse, fitness center, movement studio, multi-purpose rooms, resort-style pool, and pickleball courts, and (iii) trails throughout Improvement Area #1.

"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 Pulte Homes of Texas, L.P., a Texas limited partnership, its successors and assigns, including any Affiliate of the Developer.

"Developer Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Disclosure Agreement of Issuer" shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by and among the Issuer, the Administrator, and the Dissemination Agent.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean the Sonoma Verde North Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at http://emma.msrb.org.

"Homebuilder(s)" shall mean any merchant homebuilder who enters into a Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

"Improvement Area #1" shall mean, collectively, Zone A Improvement Area #1 and Zone B Improvement Area #1.

"Improvement Area #1 Projects" shall mean, collectively, Zone A Improvement Area #1 Projects and Zone B Improvement Area #1 Projects.

"Issuer" shall mean the City of McLendon-Chisholm, Texas.

"Listed Events" shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

"Lot Purchase Agreement" shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Quarterly Ending Date" shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 2026.

"Quarterly Filing Date" shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, and December 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 35 or more of the 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.

"Zone A Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Zone A Improvement Area #1 Projects" shall have the meaning assigned to such term in the Indenture.

"Zone B Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Zone B Improvement Area #1 Projects" shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with December 31, 2026, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the "Quarterly Information"). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until a Significant Homebuilder Acknowledgment (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred to such Significant Homebuilder.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting

Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within 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 Projects and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 Projects undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of $1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any material change in the legal structure, chief executive officer, or controlling ownership of the Developer;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof; and

(x) Early termination of or material default by a Homebuilder under a Lot Purchase Agreement.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this 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 material 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 provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a Significant Homebuilder does not execute the Significant Homebuilder Acknowledgment 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 direction of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party, 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.

(e) If the Dissemination Agent has been instructed 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 Projects or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgment from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities in substantially the form attached as Exhibit E (the "Developer Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to 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 acknowledgment of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in clause (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in clause (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgment from each Significant Homebuilder, in substantially the form attached as Exhibit F, acknowledging and assuming the Developer's obligations under this Disclosure Agreement with respect to the real property transferred (the "Significant Homebuilder Acknowledgment"). Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder and such Significant Homebuilder's delivery of the Significant Homebuilder Acknowledgment, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until the Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of a Reporting Party under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Reporting Party, including their respective Affiliates and/or successors and assigns, no longer owns 35 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or

Parcel owned by the Reporting Party, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective Affiliates and/or successors and assigns, collectively no longer own 35 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective Affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, of the termination of such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and, pursuant to written direction from the Administrator, the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer and any other Reporting Party in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided under this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the 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, the Dissemination Agent shall, take such actions as may be necessary and appropriate to cause the

applicable Reporting Party and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Reporting Party, the Dissemination Agent, or the Administrator to comply with this Disclosure Agreement shall be an action in mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Issuer, and a default under the Disclosure Agreement of Issuer shall not be deemed a default under this Disclosure Agreement. 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 under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities finally adjudicated by a court of competent jurisdiction to have been directly caused by the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the 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 shall not be responsible for the failure to submit a complete or accurate Quarterly Information or Quarterly Report or any other information, including notice of a Listed Event, 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 Developer or any person with whom the Developer 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 4 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 given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to indemnify and hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities

which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this Section 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 any Reporting Party, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Reporting Party, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or

provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Reporting Parties, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:		Pulte Homes of Texas, L.P.
	Attn:	Marc Zett, Vice President of Land Development
		9111 Cypress Waters Blvd., Suite 100
		Coppell, TX 75019
	Email:	marc.zett@pultegroup.com
With a copy to:	Attn:	Pulte Homes of Texas, L.P.
		Scott Williams
		9111 Cypress Waters Blvd., Suite 100
		Coppell, TX 75019
	Email:	Scott.williams@pultegroup.com
If to the Dissemination Agent:		HTS Continuing Disclosure Services
	Attn:	Tanya Calvit
		717 North Harwood Street, Suite 3400
		Dallas, Texas 75201
	Email:	Tanya.calvit@hilltopsecurities.com
If to Trustee:		Wilmington Trust, National Association
	Attn:	Brian Jensen
		15950 North Dallas Parkway, Suite 200
		Dallas, Texas 75248
	Email:	bjensen@wilmingtontrust.com
If to Administrator:		P3Works, LLC
		9284 Huntington Square, Ste 100
		North Richland Hills, Texas 76182
	Email:	admin@p3-works.com
If to the Issuer:		City of McLendon-Chisholm
	Attn:	City Manager
		808 Martin Luther King Jr. St.
		McLendon-Chisholm, Texas 78626
	Email:	ms@McLendon-Chisholmtexas.gov
If to Participating Underwriter:		FMSbonds, Inc.
		5 Cowboys Way, Suite 300-25
		Frisco, Texas 75034
		E-mail: Tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

(Signature pages follow.)

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

DEVELOPER:

PULTE HOMES OF TEXAS L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By:_____
Name:_____
Title:_____

P3Works, LLC
(as Administrator)

By: _____
Name: _____
Title: _____

EXHIBIT A

CITY OF MCLENDON-CHISHOLM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT
ZONE A IMPROVEMENT AREA #1 AND ZONE B IMPROVEMENT AREA #1 PROJECTS)

DEVELOPER QUARTERLY REPORT
[*INSERT QUARTERLY ENDING DATE*]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT
Name: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.
Address:
City:
Telephone:
Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 PROJECTS: $_____

2. Of the budgeted costs for Improvement Area #1 Projects shown in the Service and Assessment Plan:

    a. Actual costs drawn from the Zone A Improvement Area #1 Bond Improvement Account: $_____
    b. Actual costs drawn from the Zone B Improvement Area #1 Bond Improvement Account: $_____

II. Status of Improvement Area #1 Projects

Projected/actual completion date of the Zone A Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Zone A Improvement Area #1 Projects: [_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

Projected/actual completion date of the Zone B Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Zone B Improvement Area #1 Projects: [_____]
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**
Zone A Improvement Area #1	
Single Family 50'	167
Single Family 65'	68
Zone A Improvement Area #1	
Single Family 60'	121

IV. Lot Status in Improvement Area #1

Of the 356 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 356
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: 356

Of the 356 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. a. Number of lots owned by [*insert name of Homebuilder*]: _____[2]
    b. b. Number of lots owned by [*insert name of Homebuilder*]: _____[2]
4. Number of units owned by homeowners: _____

[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.

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 356

Of the 356 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/Developer*]: _____[3]
    b. Number of building permits issued during the current quarter for [*insert name of Homebuilder/Developer*]: _____[3]
2. How many total homes have closed with homebuyers **during the current quarter**? _____
    a. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder/Developer*]: _____[3]
    b. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder/Developer*]: _____][35]
3. How many total homes have closed with homebuyers **cumulatively**? _____
    a. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder/Developer*]: _____[3]
    b. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder/Developer*]: _____[3]

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: $[_____]

Of the $[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: $[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan),

[3] Include a line item for each individual Homebuilder and/or Developer.

if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgment pursuant to the Disclosure Agreement.

5. **Reserved.**

6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.

7. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]

[DATE]

Name of Issuer:	City of McLendon-Chisholm, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects) (the "Bonds")
CUSIP Numbers:	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the ["Developer[1]"] ["Significant Homebuilder"]) has not provided the [Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was not filed in a timely manner due to [_____]] for the period ending on [*Insert Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent. The [Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (on behalf of the Developer), as Dissemination Agent

By: _____

Title: _____

cc: City of McLendon-Chisholm, Texas

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer:	City of McLendon-Chisholm, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects) (the "Bonds")
CUSIP Numbers.	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.
717 North Harwood Street, Suite 3400
Dallas, Texas 75201

City of McLendon-Chisholm, Texas
1371 West FM 550
McLendon-Chisholm, Texas 75032

Pulte Homes of Texas, L.P.
9111 Cypress Waters Blvd., Suite 100
Coppell, TX 75019

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN 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 Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent.

Dated: _____

P3Works, LLC
(on behalf of [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 McLendon-Chisholm, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)
CUSIP Numbers:	[insert CUSIP Numbers]
Quarterly Ending Date:	_____, 20__

Re: Quarterly Report for Sonoma Verde North Public Improvement District – Zone A Improvement Area #1 and Zone B Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Pulte Homes of Texas, L.P., a Texas limited partnership[1] (the "Developer"), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a "Significant Homebuilder"], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have any questions or comments.

PULTE HOMES OF TEXAS L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By:_____
Name:_____
Title:_____

[OR
SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)]

By: _____
Name: _____
Title: _____

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

FORM OF ACKNOWLEDGMENT OF ASSIGNMENT OF DEVELOPER REPORTING OBLIGATIONS

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Sonoma Verde North Public Improvement District – Zone A Improvement Area #1 and Zone B 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 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein)) within Improvement Area #1 of the Sonoma Verde North Public Improvement District (the "District").

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the "Disclosure Agreement of Developer") by and among Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the "Dissemination Agent"), with respect to the "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)," any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

PULTE HOMES OF TEXAS L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By:_____
Name:_____
Title:_____

Acknowledged by:
[INSERT ASSIGNEE NAME]
By: _____
Title: _____

EXHIBIT F

FORM OF SIGNIFICANT HOMEBUILDER ACKNOWLEDGMENT

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Sonoma Verde North Public Improvement District – Zone A Improvement Area #1 and Zone B Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of Sonoma Verde North Public Improvement District (the "District"). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the hereinafter defined Bonds (the "Disclosure Agreement of Developer") by and among Pulte Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the "Dissemination Agent"), with respect to the "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)" (the "Bonds"), any entity that owns 35 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 Sections 3 and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

PULTE HOMES OF TEXAS L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By:_____
Name:_____
Title:_____

Acknowledged by:
[INSERT ASSIGNEE NAME]
By: _____
Title: _____

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APPENDIX F

FORM OF CFA AGREEMENT

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SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A IMPROVEMENT AREA #1 & ZONE B IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

THIS SONOMA VERDE NORTH PUBLIC IMPROVEMENT DISTRICT ZONE A IMPROVEMENT AREA #1 & ZONE B IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this "Agreement"), dated as of July 14, 2026 is by and between the **CITY OF McLENDON-CHISHOLM, TEXAS**, a home rule municipality of the State of Texas (the "City"), and **PULTE HOMES OF TEXAS, L.P.**, a Texas limited partnership (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" are as defined in the Service and Assessment Plan.

"Administrator" means, initially, P3Works, 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.

"Authorized Improvements" means improvements authorized by Section 372.003 of the Act, including, but not limited to, the Improvement Area #1 Projects, and as listed in Section III of the Service and Assessment Plan.

"Bond Ordinance" means the ordinance adopted by the City Council on July 14, 2026 authorizing the issuance of the Bonds pursuant to the Indenture.

"Bonds" means the City's bonds designated "City of McLendon-Chisholm, Texas, Special Assessment Revenue Bonds, Series 2026 (Sonoma Verde North Public Improvement District Zone A Improvement Area #1 and Zone B Improvement Area #1 Projects)".

"Budgeted Costs" means the anticipated, agreed upon costs of the Improvement Area #1 Projects as shown in Exhibit B-1 of the Service and Assessment Plan.

"Certificate for Payment" means a certificate, substantially in the form of **Exhibit A** hereto or otherwise approved by the Developer and a City Representative, executed by or on behalf of the Developer, approved by a City Representative and delivered to the Trustee, specifying the

amount of work performed related to the Improvement Area #1 Projects and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Zone A Improvement Area #1 Bond Improvement Account and/or the Zone B Improvement Area #1 Bond Improvement Account.

"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, the Finance Director, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

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

"Closing Disbursement Request" means the certificate, substantially in the form of **Exhibit B** hereto or otherwise approved by the Developer and a City Representative executed by or on behalf of the Developer, approved by a City Representative and delivered to the Trustee on the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Project Fund.

"Construction Contracts" means the contracts for the construction of an Improvement Area #1 Project. "Construction Contract" means any one of the Construction Contracts.

"Cost" means the Budgeted Costs or the cost of an Improvement Area #1 Project as reflected in a Construction Contract, if greater than the Budgeted Costs.

"Costs of Issuance Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"Cost Overrun" means, collectively, a Zone A Cost Overrun and Zone B Cost Overrun.

"Developer Continuing Disclosure Agreement" means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of the Bonds.

"Developer Funding Agreement" means that certain Developer Funding Agreement - Sonoma Verde North Public Improvement District, dated June 9, 2026, between the Developer and the City.

"Development Agreement" means that certain Development Agreement Sonoma Verde North entered into and executed by the City and TDI GP, LLC, a Texas limited liability company, as partially assigned to TDI SV North, LLC, a Texas limited liability company, and as further partially assigned to Developer.

"District" shall mean the Sonoma Verde North Public Improvement District created April 22, 2025.

"District Formation Costs" means the costs associated with forming the District, including, but not limited to, attorney fees, engineering costs, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

"Final Completion" means the time at which the construction of an Improvement Area #1 Project (or specified segment, section or part thereof) has progressed to the point where such Improvement Area #1 Project (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 Project (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended and is in compliance with existing City standards and specifications for dedication to the City.

"Improvement Area #1" means, collectively, Zone A Improvement Area #1 and Zone B Improvement Area #1.

"Improvement Area #1 Projects" means, collectively, the Zone A Improvement Area #1 Improvements and the Zone B Improvement Area #1 Improvements.

"Indenture" means that certain Indenture of Trust between the City and the Trustee, dated as of August 1, 2026 relating to the Bonds.

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

"Plans" means the plans, specifications, schedules and related construction contracts for the Improvement Area #1 Projects, 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 Sonoma Verde North Public Improvement District Service and Assessment Plan approved by the City Council on July 14, 2026, and any updates thereto, prepared in relation to the property within the District.

"Trustee" means Wilmington Trust, National Association, and any successor trustee under the Indenture.

"Zone A Cost Overrun" means, with respect to each Zone A Improvement Area #1 Improvement, the Actual Costs, as appropriate, of such Zone A Improvement Area #1 Improvement in excess of the Budgeted Costs.

"**Zone A Improvement Area #1"** means approximately 173.723 acres located within the District, as further described by metes and bounds in Exhibit K-3 of the Service and Assessment Plan.

"Zone A Improvement Area #1 Bond Improvement Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"**Zone A Improvement Area #1 Improvements"** means the Authorized Improvements which only benefit property within Zone A Improvement Area #1 of the District, as described in Section III.B of the Service and Assessment Plan.

"**Zone B Improvement Area #1"** means approximately 35.064 acres located within the District, as further described by metes and bounds in Exhibit K-4 of the Service and Assessment Plan.

"Zone B Cost Overrun" means, with respect to each Zone B Improvement Area #1 Improvement, the Actual Costs, as appropriate, of such Zone B Improvement Area #1 Improvement in excess of the Budgeted Costs.

"Zone B Improvement Area #1 Bond Improvement Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"**Zone B Improvement Area #1 Improvements"** means the Authorized Improvements which only benefit property within Zone B Improvement Area #1 of the District, as described in Section III.B of the Service and Assessment Plan.

ARTICLE II
RECITALS

Section 2.01. The District and the Improvement Area #1 Projects.

(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 Projects.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance all or a portion of the Improvement Area #1 Projects 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 Projects are eligible to be financed with proceeds of the Bonds, 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 or a land banker for or on behalf of the Developer, will undertake, oversee, or ensure the construction and development of the Improvement Area #1 Projects 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 with the proceeds of the Bonds are the Improvement Area #1 Projects. The payment of costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the Zone A Improvement Area #1 Bond Improvement Account and the Zone B 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 Improvement Area #1 Projects 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 Projects, qualified, however, by the distribution of Zone A Cost Underrun or Zone B Cost Underrun (each as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(d) Neither City nor the Trustee shall have any 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 Projects shall in no way diminish any obligation of the Developer with respect to the construction of or

contributions for the Improvement Area #1 Projects required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

Section 3.02 Accounts. All disbursements from the Zone A Improvement Area #1 Bond Improvement Account and the Zone B Improvement Area #1 Bond Improvement Account of the Project Fund shall be made by the Trustee (i) at closing of the Bonds, upon receipt of a Closing Disbursement Request and/or Certificate for Payment, as applicable, together with a City Order, and (ii) thereafter, upon receipt of a Certificate for Payment and City Order, in each case in accordance with the Indenture.

ARTICLE IV
CONSTRUCTION OF THE IMPROVEMENT AREA #1 PROJECTS

Section 4.01. Duty of Developer to Construct.

(a) All Improvement Area #1 Projects shall be constructed by or at the direction of the Developer or a land banker for or on behalf of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer or a land banker for or on behalf of 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 Projects 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 or a land banker for or on behalf of 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 Projects 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 Project and, upon completion, inspection, and acceptance, convey each such Improvement Area #1 Project to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or accounts created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Improvement Area #1 Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Improvement Area #1 Projects 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 Projects.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Improvement Project.

(a) Upon the Final Completion of a Zone A Improvement Area #1 Improvement and payment of all outstanding invoices for such Zone A Improvement Area #1 Improvement, if the Actual Cost of such Zone A Improvement Area #1 Improvement is less than the Budgeted Cost (a "Zone A Cost Underrun"), any remaining Budgeted Cost may be made available to pay Zone A Cost Overruns on any other Zone A Improvement Area #1 Improvement. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Zone A Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Zone A Improvement Area #1 Improvements and shall include an update reflecting such change in the subsequent Annual Service Plan Update. Any Zone A Cost Underrun for any Zone A Improvement Area #1 Improvement is available to pay Zone A Cost Overruns on any other Zone A Improvement Area #1 Improvement. In no event shall any Zone A Cost Underrun be used to pay any Zone B Cost Overruns.

(b) Upon the Final Completion of a Zone B Improvement Area #1 Improvement and payment of all outstanding invoices for such Zone B Improvement Area #1 Improvement, if the Actual Cost of such Zone B Improvement Area #1 Improvement is less than the Budgeted Cost (a "Zone B Cost Underrun"), any remaining Budgeted Cost may be made available to pay Zone B Cost Overruns on any other Zone B Improvement Area #1 Improvement. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Zone B Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Zone B Improvement Area #1 Improvements and shall include an update reflecting such change in the subsequent Annual Service Plan Update. Any Zone B Cost Underrun for any Zone B Improvement Area #1 Improvement is available to pay Zone B Cost Overruns on any other Zone B Improvement Area #1 Improvement. In no event shall any Zone B Cost Underrun be used to pay any Zone A Cost Overruns.

Section 4.05. Contracts and Change Orders. The Developer or a land banker for or on behalf of 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 Projects. 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 Project, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available, or become available, pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City's engineer prior to execution of the change order.

ARTICLE V
ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive disbursement from the Costs of Issuance Account, the Zone A Improvement Area #1 Bond Improvement Account, or the Zone B Improvement Area #1 Bond Improvement Account at closing of the Bonds related to costs of issuance of the Bonds, District Formation Costs, or other costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit B** hereto or otherwise acceptable and 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. In order to receive disbursement for an Improvement Area #1 Project, other than for District Formation Costs as described above, from the Zone A Improvement Area #1 Bond Improvement Account or the Zone B Improvement Area #1 Bond Improvement Account, as applicable, at closing of the Bonds, the Developer shall execute a Certificate for Payment, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the City, to be delivered to the City in a manner to provide sufficient review and approval time as provided in Section 5.02 and for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit to the Trustee a Closing Disbursement Request and/or Certificate for Payment, as applicable, together with a City Order directing the Trustee to make such disbursement.

Section 5.02. Certificate for Payment for an Improvement Area #1 Project.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on an Improvement Area #1 Project, except as provided above with respect to District Formation Costs, until a Certificate for Payment is received from the Developer. Upon receipt of a Certificate for Payment substantially in the form of **Exhibit A** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Improvement Area #1 Project 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 Certificate 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 Certificate 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 Certificate for Payment, the City Representative shall either (i) approve and execute the Certificate for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certificate for Payment, give written notification to the Developer of the City Representative's disapproval, in

whole or in part, of such Certificate for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certificate for Payment. If a Certificate for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certificate for Payment is approved and the Developer shall be required to submit a revised Certificate for Payment reflecting only the approved portion, which shall be processed for payment under Section 5.03. The Trustee shall not be required to disburse any amount based on a Certificate for Payment that has been disapproved in whole or in part by the City Representative.

(c) If the City Representative disapproves the Certificate for Payment, the disapproval must be in writing, stating the reason(s) for disapproval. The disapproval may be appealed to the City Council by the Developer in writing within thirty (30) days after Developer's receipt of the City's disapproval pursuant to Section 5.02(b) of this Agreement. Disapproval of the Certificate 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 Certificate for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The City shall deliver the approved Certificate for Payment along with a City Order to the Trustee, which Certificate for Payment and City Order shall direct the Trustee to make such payment from the Project Fund as specifically directed therein and in accordance with Section 5.03 below. The Trustee shall have no obligation to disburse any amounts other than upon receipt of a properly executed and completed Certificate for Payment together with a City Order directing such disbursement.

Section 5.03. Payment for an Improvement Area #1 Project.

(a) The approved Certificate for Payment shall direct the Trustee to make payment from the Zone A Improvement Area #1 Bond Improvement Account or the Zone B Improvement Area #1 Bond Improvement Account of the Project Fund as specifically directed therein and in the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Project, unless a Cost Overrun amount has been approved for a particular Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Cost plus the approved Cost Overrun amount. The Trustee shall not be required to make any investigation into any facts or matters stated in any Certificate for Payment or to review any attachments thereto, including without limitation the amount of any reimbursement, and may rely solely and conclusively on a Certificate for Payment or other written direction from the City or its designee in making a disbursement from the Project Fund. For the avoidance of doubt, the Trustee shall act only upon receipt of (i) a Certificate for Payment approved in its entirety by the City Representative and the Administrator and (ii) a City Order from the City directing such disbursement, in each case delivered to the Trustee by the City. The Trustee shall have no duty to interpret partial approvals or to determine which portions of a Certificate for Payment have been approved or disapproved

(b) Approved Certificates for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, an approved Certificate for Payment shall direct the Trustee to make payment as specifically directed therein, out of available funds in the Project Fund. If a request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Improvement Area #1 Project identified in such request for payment being paid, the City Representative and the Administrator shall identify such occurrence in the Certificate for Payment and the Certificate for Payment shall expressly direct the Trustee to hold the payment until the Trustee receives written notice from the City that work with respect to that Improvement Area #1 Project has been completed and accepted by the City. The Trustee shall have no duty to track, calculate, or verify the direction to make payment or the direction to hold payment, as applicable, contained in each Certificate for Payment as approved by the City Representative, and (ii) any subsequent written direction from the City to release any held payment. Neither the Trustee nor the City shall have any liability for relying on the accuracy of the payee information in any Certificate for Payment as presented by the Developer or its assignee.

(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 Project 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 Project is contested, the Developer shall post or cause delivery of a surety bond in the amount reasonably determined by the City or City may decline to accept the Improvement Area #1 Projects until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI
OWNERSHIP AND TRANSFER OF AN IMPROVEMENT AREA #1 PROJECT

Section 6.01. Improvement Area #1 Project 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 Project 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 Project 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 Project until the Developer has cured such objections to title to the reasonable satisfaction of the City.

Section 6.02. Improvement Area #1 Project Constructed on City Land or Developer Land. If the Improvement Area #1 Project 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 Project. If the Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the City a nonexclusive easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Improvement Area #1 Project. The grant of a permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Improvement Area #1 Project 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 Project. The provisions for inspection and acceptance of such Improvement Area #1 Project 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 consists of a limited partnership 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, the Development Agreement, and the Developer Funding 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 Projects 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 Projects.

(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 Projects, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certificates for Payment.

(f) Financial Records. For a period of two years after completion of the Improvement Area #1 Projects, the Developer covenants to maintain proper books of record and account for the construction of the Improvement Area #1 Projects 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 Projects 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 Projects 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 Projects 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) Developer Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Developer Continuing Disclosure Agreement 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 Projects) 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, the Development Agreement, and the Developer Funding Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, THE CITY MANAGER, 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 PROJECTS 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 PROJECTS; OR (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE IMPROVEMENT AREA #1 PROJECTS, INCLUDING BUT NOT LIMITED TO DEVELOPER'S PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AND AGENTS, RELATED TO THE IMPROVEMENT AREA #1 PROJECTS (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION OR AGREEMENT TO HOLD HARMLESS IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE DEFENSE COUNSEL RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THE INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME

PERIOD, THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE 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 Projects, 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 Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer are or may be increased or otherwise adversely affected in any manner, or (c) the rights of the Developer are or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII
TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects 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 Project hereunder which have not been accepted by the City, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such breach or default described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such breach or default to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice). Upon receipt of such notice, Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to available options to assure timely completion, subject to the terms of this Agreement, of the Improvement Area #1 Projects. The City shall allow the Developer a minimum of ninety (90) days to eliminate or to mitigate such breach or default to the reasonable satisfaction of the City ("Cure Period"). The Cure Period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such breach or default. If at the end of the Cure Period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the reasonable satisfaction of the City, the City may then terminate this Agreement. Upon termination of this Agreement, the City shall (i) provide written notice of such termination to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) and (ii) instruct the Trustee in writing to cease making payments for the Actual Costs and/or Budgeted Costs, as appropriate, of Improvement Area #1 Projects, provided that the Developer shall receive payment of the Actual Costs or Budgeted Costs, as appropriate, of any Improvement Area #1 Projects that were accepted by the City at the time of termination, so long as the Developer has complied with the requirements of the Development Agreement, this Agreement, the Indenture, and the Developer Funding 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 Projects 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 Projects hereunder which have not been accepted by the City, 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 Project 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 Projects 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 Projects 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.

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 Projects and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:	Attn: Mayor City of McLendon-Chisholm, Texas 1371 West FM 550 McLendon-Chisholm, Texas 75032
With a copy to:	Attn: City Attorney City of McLendon-Chisholm, Texas 1371 West FM 550 McLendon-Chisholm, Texas 75032
To the Developer:	Attn: Marc Zett, Vice President of Land Development Pulte Homes of Texas, L.P. 9111 Cypress Waters Blvd., Suite 100 Coppell, Texas 75019

With a copy to: Attn: Mindy L. Koehne
Coats Rose, P.C.
16000 North Dallas Parkway, Suite 350
Dallas, Texas 75248

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, a land banker for Developer, or any lien holder on the Property, without prior written consent of the City. Except as provided in the preceding sentence, the obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager (which consent shall not be unreasonably withheld if assignee demonstrates financial ability to perform), except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for an Improvement Area #1 Project, 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 Project. 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 (the "SEC") without the express written consent of the City. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and may not otherwise amend the terms of this Agreement. The City may assign, by a separate writing, certain rights as described in this Agreement and in the Indenture to the Trustee, and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. Except as otherwise provided in Section 9.05, upon agreement by the parties, this Agreement may be amended, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be the earlier of (i) thirty (30) years or (ii) 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 Projects that have been approved by the City pursuant to a Certificate for Payment prior to the date of termination based on such default.

Section 9.14 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15 Statutory Verifications.

The Developer makes the following representation and verifications 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.

Section 9.16. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer's participation in the execution of this Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and

agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 2026.

CITY OF McLENDON-CHISHOLM, TEXAS

By: _____
Name: _____
Title: _____

ATTEST:

_____
Name: _____
Title: _____

(City Seal)

APPROVED AS TO FORM:

_____
_____, City Attorney

DEVELOPER:

PULTE HOMES OF TEXAS, L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By: _____
Name: _____
Title: _____

Exhibit A
CERTIFICATE FOR PAYMENT FORM – IMPROVEMENT AREA #1 PROJECTS

CERTIFICATE FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for Pulte Homes of Texas, L.P. (the "Developer") and requests payment from the [Zone A Improvement Area #1 Bond Improvement Account/Zone B Improvement Area #1 Bond Improvement Account] of the Project Fund from Wilmington Trust, National Association (the "Trustee") in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Improvement Area #1 Projects related to the Sonoma Verde North Public Improvement District (the "Improvement Area #1 Projects"):

[insert specific Improvement Area #1 Project this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced Improvement Area #1 Project(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 Project(s) below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Improvement Area #1 Project(s) identified above, and such costs are (i) in compliance with the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.

4. The Developer is in compliance with Developer's obligations under the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding and Acquisition Agreement, the Development Agreement, the Developer Funding Agreement, the Indenture, the Developer Continuing Disclosure 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 Project(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 Project(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Improvement Area #1 Project(s) identified above being paid, in accordance with Section 5.03(c) of the Agreement, the Trustee shall hold the payment until it receives written notice from the City that work with respect to the Improvement Area #1 Project(s) has been completed and accepted by the City.

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 Project	**Total Cost of Improvement Area #1 Project**	**Budgeted Cost of Improvement Area #1 Project**	**Amount to be paid from the Project Fund**

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments.

Pursuant to the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, after receiving this Certificate for Payment, the City is authorized to inspect the Improvement Area #1 Project (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.

PULTE HOMES OF TEXAS, L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By: _____
Name: _____
Title: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certificate for Payment. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and shall submit to the Trustee this approved Certificate for Payment together with a City Order directing payment to be made from the Project Fund in accordance with the Indenture. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Improvement Area #1 Projects.

CITY OF McLENDON-CHISHOLM, TEXAS

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Pulte Homes of Texas, L.P. (the "Developer") and requests payment from:

The [Zone A Improvement Area #1 Bond Improvement Account/Zone B Improvement Area #1 Bond Improvement Account/Costs of Issuance Account] of the Project Fund (as defined in the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement) from Wilmington Trust, National Association, (the "Trustee") in the amount of _____DOLLARS ($_____) for costs incurred in the establishment, administration, and operation of the Sonoma Verde North 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 Developer's obligations under the Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Indenture, or the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.
b. Etc.

I hereby declare that the above representations and warranties are true and correct.

PULTE HOMES OF TEXAS, L.P.,
a Texas limited partnership

By: Pulte Nevada I LLC,
a Delaware limited liability company
its General Partner

By: _____
Name: _____
Title: _____

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 authorizes and directs payment of such amounts by Trustee from the Costs of Issuance Account of the Project Fund and/or the Zone A Improvement Area #1 Bond Improvement Account and/or the Zone B 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 Sonoma Verde North Public Improvement District Zone A Improvement Area #1 & Zone B Improvement Area #1 Construction, Funding and Acquisition Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in an Improvement Area #1 Project.

CITY OF McLENDON-CHISHOLM, TEXAS

By: _____
Name: _____
Title: _____
Date: _____

APPENDIX G

APPRAISAL

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Integra Realty Resources
Dallas

Appraisal of Real Property

Sonoma Verde North Public Improvement District (PID),
Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)
Proposed Residential Subdivision
East quadrant of Edwards Road East/West and Edwards Road North/South
McLendon-Chisholm, Rockwall County, Texas 75032

Prepared For:
FMSbonds, Inc.

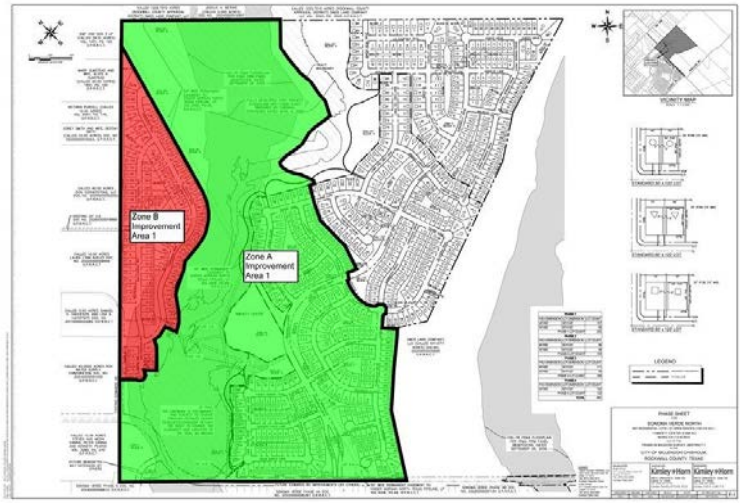
Date of the Report:
June 25, 2026

Report Format:
Appraisal Report

IRR - Dallas
File Number: 191-2026-0124



Subject Photographs





Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)
East quadrant of Edwards Road East/West and Edwards Road North/South
McLendon-Chisholm, Texas

Aerial Photograph



Acquisition date - 12 Feb 2026 17:12 UTC - Copyright © Bird.i Ltd. - Image © 2026 CNES / AirbusDS

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403
www.irr.com

June 25, 2026

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)
East quadrant of Edwards Road East/West and Edwards Road North/South
McLendon-Chisholm, Rockwall County, Texas 75032
IRR - Dallas File No. 191-2026-0124

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple interest in the property as of the effective date of the appraisal. The following opinions of value are provided:

- The prospective cumulative retail market value As Complete (Zone A - IA#1) as of August 1, 2027
- The prospective cumulative retail market value As Complete (Zone B - IA#1) as of May 1, 2027

The client for the assignment is FMSbonds, Inc., and the intended use is for the 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 nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the “PID”; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

The subject of this report represents the initial phases of development for the Sonoma Verde North Public Improvement District (PID) and is known as Zone A Improvement Area #1 (Phases 1A and 1B) and Zone B Improvement Area #1 (Phases 4A and 4B). Upon completion of development, Phases 1A/1B will contain 235 residential lots that are to be constructed on approximately 173.723 gross acres while Phases 4A/4B will contain 121 residential lots that are to be constructed on approximately 35.064 acres of land. Phases 1A/1B have a projected completion date of August 1, 2027, while Phases 4A/4B have a projected completion date of May 1, 2027. The property is zoned under a development agreement with the city of McLendon-Chisholm and allows for the development of single family lots/homes as described herein.

The unit mix for the subject follows:

Sonoma Verde North

		Density	Typical Lot Dimensions				Expected
Phase	Acres	Per Acre	50' x 120'	60' x 120'	65' x 120'	Total Lots	Completion Date
1A/1B	173.723	1.4	167	0	68	235	August 1, 2027
4A/4B	35.064	3.5	0	121	0	121	May 1, 2027

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions*

Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Cumulative Retail Market Value As Completed (Zone A IA#1)	Fee Simple	August 1, 2027	$29,371,000
Prospective Cumulative Retail Market Value As Completed (Zone B IA#1)	Fee Simple	May 1, 2027	$16,698,000

It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption 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.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Kimley-Horn (engineering/surveyors), Pulte Homes (developer), DRP TX 6, LLC and Pulte Homes of Texas, LP (owners), the city of McLendon-Chisholm, and the Rockwall Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, 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 events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 1, 2027 and August 1, 2027, the effective appraisal dates.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Dallas





Ernest Gatewood
Senior Director
Texas Certified General Real Estate Appraiser
License TX #1324355-CG
Telephone: 972.725.7755
Email: egatewood@irr.com

Jimmy H. Jackson, MAI
Senior Managing Director
Texas Certified General Real Estate Appraiser
License TX #1324004-CG
Telephone: 972.725.7724
Email: jhjackson@irr.com

Table of Contents

Quality Assurance 1

Executive Summary 2

Identification of the Appraisal Problem 5
Subject Description 5
Sale History 5
Pending Transactions 6
Appraisal Purpose 6
Value Type Definitions 6
Appraisal Premise Definitions 7
Property Rights Definitions 7
Client and Intended User(s) 7
Intended Use 7
Applicable Requirements 8
Report Format 8
Prior Services 8
Appraiser Competency 8

Scope of Work 9

Economic Analysis 11
Rockwall County Area Analysis 11
Surrounding Area Analysis 20
Surrounding Area Map 28
Residential Analysis 29

Property Analysis 32
Land Description and Analysis 32
General Description - Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1) 33
Allocation of Authorized Improvements 43
Real Estate Taxes 53
Highest and Best Use 54

Valuation 56
Valuation Methodology 56
Sales Comparison Approach 57
50' Lots (50’ x 120’ = 6,000 SF) 58
60' Lots (60’ x 120’ = 7,200 SF) 66
65' Lots (65’ x 120’ = 7,800 SF) 74
Summary of Land Values 82
Cumulative Retail Lot Value – Phases 1A/1B (Zone A IA#1) 82
Cumulative Retail Lot Value – Phases 4A/4B (Zone B IA#1) 82
Reconciliation and Conclusion of Values 83
Exposure Time 84
Marketing Time 84

Certification 85

Assumptions and Limiting Conditions 87

Addenda
A. Appraiser Qualifications
B. IRR Quality Assurance Survey
C. Definitions
D. Property Information
E. Comparable Data
Land Sales - 50' Lots
Land Sales - 60' Lots
Land Sales - 65' Lots

Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)	
Address/Location	East quadrant of Edwards Road East/West and Edwards Road North/South McLendon-Chisholm, Rockwall County, Texas 75032	
Property Type	Land -Proposed Subdivision	
Owner of Record	DRP TX 6, LLC and Pulte Homes of Texas, LP	
Tax ID	10048 and 10076	
Legal Description	Sonoma Verde North Phases 1A, 1B, 4A, and 4B	
School District	Rockwall	
50' Lots	0.138 acres; 6,000 SF	(167 Lots)
60' Lots	0.165 acres; 7,200 SF	(121 Lots)
65' Lots	0.179 acres; 7,800 SF	(68 Lots)
Zoning Designation	Development Agreement, Residential	
Highest and Best Use	Single-family residential use	
Exposure Time; Marketing Period	6 - 12 months; 6 - 12 months	
Effective Date of the Appraisal	August 1, 2027	May 1, 2027
Date of the Report	June 25, 2026	
Property Interest Appraised	Fee Simple	

Lot Value Conclusions

50' Lots	$115,000	($2,300/Front Footage)
60' Lots	$138,000	($2,300/Front Footage)
65' Lots	$149,500	($2,300/Front Footage)

Final Value Conclusions*

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Cumulative Retail Market Value As Completed (Zone A IA#1)	Fee Simple	August 1, 2027	$29,371,000
Prospective Cumulative Retail Market Value As Completed (Zone B IA#1)	Fee Simple	May 1, 2027	$16,698,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

***It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.**

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption 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.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Kimley-Horn (engineering/surveyors), Pulte Homes (developer), DRP TX 6, LLC and Pulte Homes of Texas, LP (owners), the city of McLendon-Chisholm, and the Rockwall Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, 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 events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 1, 2027 and August 1, 2027, the effective appraisal dates.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Limited amount of available developed lots in market area
- Limited amount of available land in market area
- Demand for residential lots in market area
- The property is located in a fast-growing area.
- Easy access to major thoroughfares
- Close proximity to employment centers
- The property is located within a Public Improvement District.
- Good school district

Weaknesses

- Potential competition from other developments
- Land loss to floodplain
- Poor site utility
- Lack of support facilities in close proximity
- Large supply of vacant undeveloped land

Opportunities

- Profit from lot sales
- Profit from homebuilding
- Demand for new housing continues

Threats

- In response to continued softening in the labor market and inflation that remains above the Federal Reserve's long run target, the Federal Open Market Committee (FOMC) implemented another 25 basis point rate cut at its December 2025 meeting, lowering the federal funds target range to 3.50%–3.75%. This move follows the Committee's earlier October reduction to 3.75%–4.00% and marks the third rate cut of 2025, underscoring a shift toward supporting a cooling economy amid rising unemployment and slowing job gains. Alongside the rate decision, the Federal Reserve confirmed that its previously announced plan to end quantitative tightening—halting the balance sheet runoff—will take effect on December 1, 2025. Policymakers reiterated that inflation, while easing from earlier peaks, remains "somewhat elevated" and continues to pose upside risks. Looking ahead, the Committee emphasized that future policy adjustments will depend on a comprehensive evaluation of incoming data, including labor market conditions, inflation trends, inflation expectations, and broader global financial developments. With inflation still above the 2% objective and economic activity moderating, the FOMC signaled a recalibrated risk posture aimed at stabilizing employment without undermining progress on price stability.
- Potential economic downturn/inflation pressures testing the U.S. and local economies

Identification of the Appraisal Problem

Subject Description

The subject of this report represents the initial phases of development for the Sonoma Verde North Public Improvement District (PID) and is known as Zone A Improvement Area #1 (Phases 1A and 1B) and Zone B Improvement Area #1 (Phases 4A and 4B). Upon completion of development, Phases 1A/1B will contain 235 residential lots that are to be constructed on approximately 173.723 gross acres while Phases 4A/4B will contain 121 residential lots that are to be constructed on approximately 35.064 acres of land. Phases 1A/1B have a projected completion date of August 1, 2027, while Phases 4A/4B have a projected completion date of May 1, 2027. The property is zoned under a development agreement with the city of McLendon-Chisholm and allows for the development of single family lots/homes as described herein.

A legal description of the property is provided in the addenda.

Property Identification	
Property Name	Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)
Address	East quadrant of Edwards Road East/West and Edwards Road North/South McLendon-Chisholm, Texas 75032
Tax ID	10048 and 10076
Owner of Record	DRP TX 6, LLC and Pulte Homes of Texas, LP

Sale History

The current owner of record is DRP TX 6, LLC and Pulte Homes of Texas, LP. There have been two sales of the subject within the past three years. A summary of transaction information follows.

	Sale 1	Sale 2
Sale Date	June 25, 2025	June 25, 2025
Seller	TDI SV North, LLC	2006 Roberts Daughters Trust Agreement
Buyer	Pulte Homes of Texas, LP	TDI SV North, LLC
Sale Price	$13,500,000	N/A
Recording Instrument Number	20250000011593	20250000011432
Comments	212.013 acres @ $1.46/SF	N/A

It is noted that TDI SV North purchased and resold the subject's parent tract to Pulte on the same day. The price of the first purchase could not be confirmed. It is also noted that Pulte transferred a portion of the acreage to DRP TX 6, LLC in an internal, non-arms-length transaction in October of 2025 in what is referred to as a land banking transaction.

Based on a review of available information, no other sale or transfer of ownership has occurred within the past three years.

Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. All of the developed lots will be developed internally with homes.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinions of value:

- The prospective cumulative retail market value As Complete (Zone A - IA#1) as of August 1, 2027
- The prospective cumulative retail market value As Complete (Zone B - IA#1) as of May 1, 2027

The date of the report is June 25, 2026. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

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. [1]

[1] Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

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 value 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.

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. [Chicago: Appraisal Institute, 2022])

Prospective Market Value As Completed
The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete.[2]

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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.[3]

Client and Intended User(s)

The client and intended user is FMSbonds, Inc. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

Intended Use

The intended use of the appraisal is for the 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 nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the “PID”. The appraisal is not intended for any other use.

[2] Compiled and summarized from several industry sources
[3] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection

Party	Inspection Type	Inspection Date
Ernest Gatewood	On-site	February 5, 2026
Jimmy H. Jackson, MAI	None	N/A

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 capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

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. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

In the Subdivision Development Approach, the retail value of the lots has been 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. The value indicated by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Economic Analysis

Rockwall County Area Analysis

Rockwall County is located in North Central Texas. It is 127 square miles in size and has a population density of 1,156 persons per square mile.

Population

Rockwall County has an estimated 2026 population of 147,058, which represents an average annual 5.3% increase over the 2020 census of 107,819. Rockwall County added an average of 6,540 residents per year over the 2020-2026 period, and its annual growth rate exceeded the State of Texas rate of 1.9%.

Looking forward, Rockwall County's population is projected to increase at a 2.6% annual rate from 2026-2031, equivalent to the addition of an average of 4,012 residents per year. Rockwall County's growth rate is expected to exceed that of Texas, which is projected to be 1.4%.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2026 Estimate	2031 Projection	2020 - 2026	2026 - 2031
Rockwall County, TX	107,819	147,058	167,119	5.3%	2.6%
Dallas-Fort Worth-Arlington, TX Metro	7,637,387	8,568,977	9,192,852	1.9%	1.4%
Texas	29,145,505	31,994,623	34,064,954	1.6%	1.3%
USA	331,449,281	342,965,686	351,802,157	0.6%	0.5%

Source: Claritas SPOTLIGHT

Employment

Total employment in Rockwall County was estimated at 43,247 jobs at year-end 2024. Between year-end 2014 and 2024, employment rose by 18,099 jobs, equivalent to a 72.0% increase over the entire period. There were gains in employment in nine out of the past ten years. Rockwall County's rate of employment growth over the last decade surpassed that of Texas, which experienced an increase in employment of 21.2% or 2,474,438 jobs over this period.

Employment Trends

	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Rockwall County	% Change	Texas	% Change	Rockwall County	Texas
2014	25,148		11,672,985		4.6%	5.2%
2015	27,192	8.1%	11,831,449	1.4%	3.8%	4.5%
2016	29,250	7.6%	11,972,594	1.2%	3.5%	4.6%
2017	30,592	4.6%	12,224,998	2.1%	3.3%	4.4%
2018	32,005	4.6%	12,539,711	2.6%	3.2%	3.9%
2019	33,945	6.1%	12,802,919	2.1%	3.0%	3.5%
2020	33,313	-1.9%	12,264,651	-4.2%	5.9%	7.7%
2021	36,172	8.6%	13,025,292	6.2%	4.2%	5.7%
2022	39,197	8.4%	13,591,394	4.3%	3.2%	3.9%
2023	41,079	4.8%	13,915,979	2.4%	3.4%	4.0%
2024	43,247	5.3%	14,147,423	1.7%	3.5%	4.1%
Overall Change 2014-2024	18,099	72.0%	2,474,438	21.2%		
Avg Unemp. Rate 2014-2024					3.8%	4.7%
Unemployment Rate - September 2025					4.0%	4.4%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

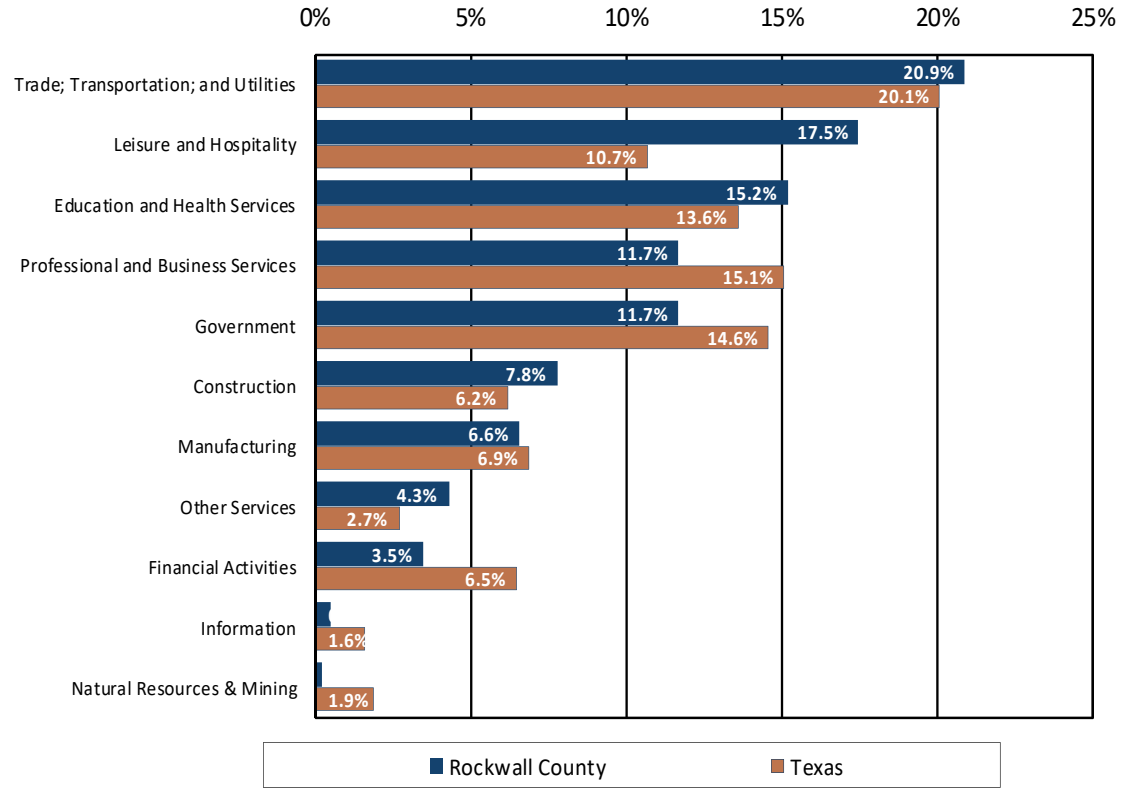
A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Rockwall County unemployment rate has been consistently lower than that of Texas, with an average unemployment rate of 3.8% in comparison to a 4.7% rate for Texas. A lower unemployment rate is a positive indicator.

Recent data shows that the Rockwall County unemployment rate is 4.0% in comparison to a 4.4% rate for Texas, a positive sign that is consistent with the fact that Rockwall County has outperformed Texas in the rate of job growth over the past two years.

Employment Sectors

The composition of the Rockwall County job market is depicted in the following chart, along with that of Texas. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Rockwall County jobs in each category.

Employment Sectors - 2024



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Rockwall County has greater concentrations than Texas in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 20.9% of the Rockwall County payroll employment compared to 20.1% for Texas as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 17.5% of the Rockwall County payroll employment compared to 10.7% for Texas as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Education and Health Services, representing 15.2% of the Rockwall County payroll employment compared to 13.6% for Texas as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Construction, representing 7.8% of the Rockwall County payroll employment compared to 6.2% for Texas as a whole. This sector includes construction of buildings, roads, and utility systems.

Rockwall County is underrepresented in the following sectors:

1. Professional and Business Services, representing 11.7% of the Rockwall County payroll employment compared to 15.1% for Texas as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Government, representing 11.7% of the Rockwall County payroll employment compared to 14.6% for Texas as a whole. This sector includes employment in local, state, and federal government agencies.
3. Manufacturing, representing 6.6% of the Rockwall County payroll employment compared to 6.9% for Texas as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
4. Financial Activities, representing 3.5% of the Rockwall County payroll employment compared to 6.5% for Texas as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in Rockwall County are shown in the following table.

Major Employers - Rockwall County, TX

	Name	Number of Employees
1	Rockwall ISD	1,556
2	Texas Health Presbyterian Hospital	592
3	Wal-Mart	492
4	Rockwall County	299
5	Texas Star Express	275
6	City of Rockwall	262
7	Hilton Bella Harbor	200+
8	Costco	200+
9	Special Products & Manufacturing	200+
10	Target	200+

Major employers in the DFW metro area are shown in the following table.

Major Employers - DFW Metro

	Name	Number of Employees
1	AMR Corporation	24,700
2	Bank of America Corporation	20,000
3	Texas Health Resources Inc.	19,230
4	Dallas ISD	18,314
5	Baylor Health Care System	17,097
6	AT&T	15,800
7	Lockheed Martin Aeronautics	14,126
8	JP Morgan Chase & Co.	13,500
9	UT-Southwestern Medical Center	13,122
10	City of Dallas	12,836

Source: http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably higher in Rockwall County than Texas overall during the past decade. Rockwall County has grown at a 8.2% average annual rate while the State of Texas has grown at a 3.3% rate. Rockwall County continues to perform better than Texas. GDP for Rockwall County rose by 8.7% in 2023 while Texas's GDP rose by 7.4%.

Rockwall County has a per capita GDP of $42,935, which is 37% less than Texas's GDP of $68,247. This means that Rockwall County industries and employers are adding relatively less value to the economy than their counterparts in Texas.

Gross Domestic Product

Year	($,000s) Rockwall County	% Change	($,000s) Texas	% Change
2013	2,572,560	–	1,511,806,500	–
2014	2,677,451	4.1%	1,559,636,100	3.2%
2015	2,841,435	6.1%	1,634,127,100	4.8%
2016	3,031,296	6.7%	1,633,863,300	0.0%
2017	3,310,264	9.2%	1,667,313,000	2.0%
2018	3,700,154	11.8%	1,746,543,300	4.8%
2019	4,569,544	23.5%	1,806,736,100	3.4%
2020	4,521,008	-1.1%	1,773,657,100	-1.8%
2021	4,796,414	6.1%	1,879,101,300	5.9%
2022	5,201,657	8.4%	1,952,708,600	3.9%
2023	5,651,827	8.7%	2,097,090,400	7.4%
Compound % Chg (2013-2023)		8.2%		3.3%
GDP Per Capita 2023	$42,935		$68,247	

Source: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics; data released December 2024.
The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

Rockwall County is more affluent than Texas. Median household income for Rockwall County is $126,062, which is 31.2% greater than the corresponding figure for Texas.

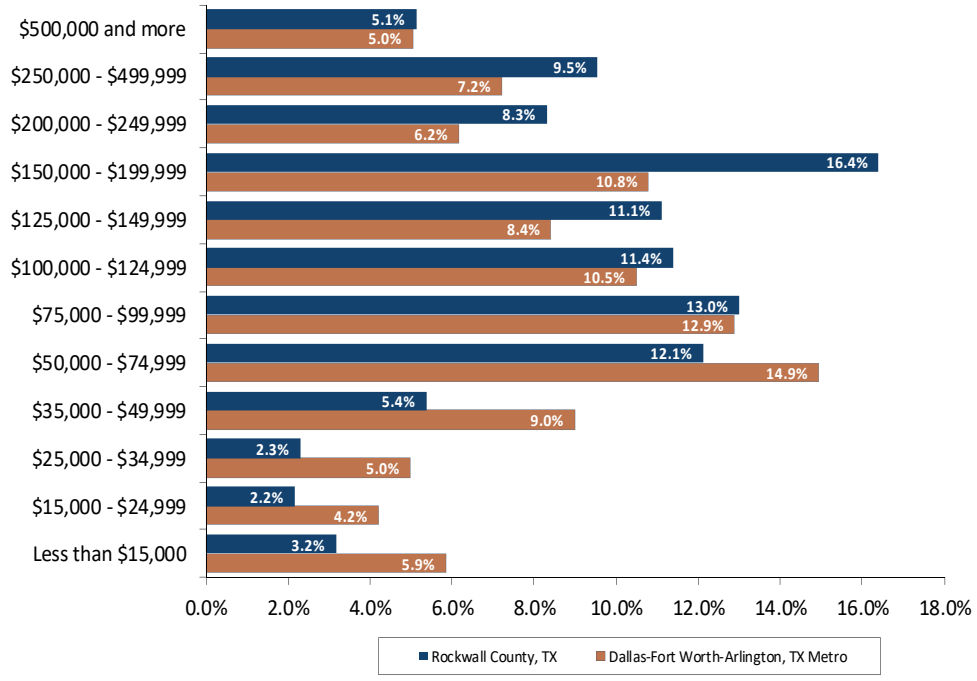
Median Household Income - 2026

	Median
Rockwall County, TX	$126,062
Dallas-Fort Worth-Arlington, TX Metro	$96,073
Comparison of Rockwall County, TX to Dallas-Fort Worth-Arlingt	+31.2%

Source: Claritas SPOTLIGHT

The following chart shows the distribution of households across twelve income levels. Rockwall County has a greater concentration of households in the higher income levels than Texas. Specifically, 39% of Rockwall County households are at the $150,000 or greater levels in household income as compared to 29% of Texas households. A lesser concentration of households is apparent in the lower income levels, as 13% of Rockwall County households are below the $50,000 level in household income versus 24% of Texas households.

Household Income Distribution - 2026

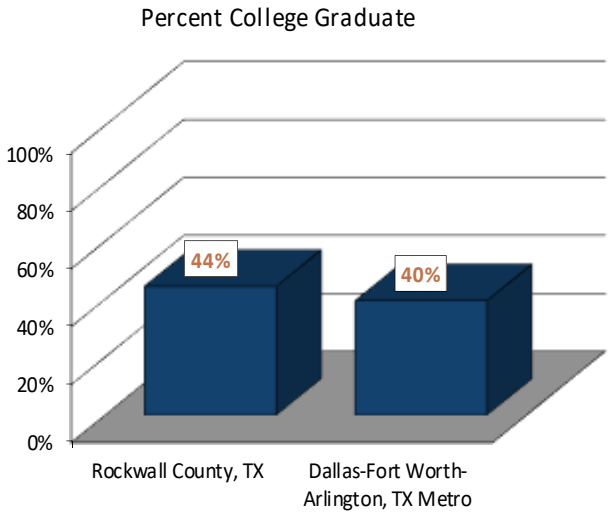


Source: Claritas SPOTLIGHT

Education Levels

Residents of Rockwall County have a higher level of educational attainment than those of Texas. An estimated 44% of Rockwall County residents are college graduates with four-year degrees, versus 40% of Texas residents.

Education Levels - 2026



Conclusion

The Rockwall County economy will benefit from a growing population base and higher income and education levels. Rockwall County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Texas over the past decade. It is anticipated that the Rockwall County economy will improve and employment will grow, strengthening the demand for real estate.

Area Map


Van Alstyne
Wolfe City
Sulphur Bluff
Sanger
Commerce
Denton
Frisco
McKinney
Argyle
Boyd
Lewisville
Allen
Carrollton
Rockwall
Eagle Mountain
Winnsboro
Irving
Garland
Emory
Fort Worth
Mesquite
Quitman
Dallas
Wills Point
Arlington
Mineola
DeSoto
Kaufman
Canton
Lindale
Joshua
Kemp
Waxahachie
Gun Barrel City
Cleburne
Tyler
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Surrounding Area Analysis

Boundaries

The subject is located in the central portion of Rockwall County, Texas within the city of McLendon-Chisholm and is located the Sonoma Verde North Public Improvement District. The master-planned development is located within the Rockwall Independent School District. This area is generally delineated as follows:

Boundaries & Delineation	
Boundaries	
Market Area	Dallas-Fort Worth, TX
Submarket	Rockwall
Area Type	Suburban
Delineation	
North	County Boundary Line
South	County Boundary Line
East	Rockwall/Hunt County Boundary Lines
West	Lake Ray Hubbard

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages	
Vehicular Access	
Major Highways	IH-30, US-80, FM-548
Primary Corridors	SH-205, FM-550, FM-548, FM-276
Vehicular Access Rating	Average
Public Transit	None
Airport(s)	
Name	D/FW Airport
Distance	52 Miles
Driving Time	One Hour
Primary Transportation Mode	Automobile

Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:[4]

- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



[4] Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

EXPANSION	HYPERSUPPLY	RECESSION	RECOVERY
Decreasing Vacancy Rates	Increasing Vacancy Rates	Increasing Vacancy Rates	Decreasing Vacancy Rates
Moderate/High New Construction	Moderate/High New Construction	Moderate/Low New Construction	Low New Construction
High Absorption	Low/Negative Absorption	Low Absorption	Moderate Absorption
Moderate/High Employment Growth	Moderate/Low Employment Growth	Low/Negative Employment Growth	Low/Moderate Employment Growth
Med/High Rental Rate Growth	Med/Low Rental Rate Growth	Low/Neg Rental Rate Growth	Neg/Low Rental Rate Growth

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2026 Estimates	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Rockwall County, TX	Dallas-Fort Worth-Arlington, TX Metro
Population 2020	407	12,143	62,427	107,819	7,637,387
Population 2026	602	16,141	90,373	147,058	8,568,977
Population 2031	694	18,457	102,652	167,119	9,192,852
Compound % Change 2020-2026	6.7%	4.9%	6.4%	5.3%	1.9%
Compound % Change 2026-2031	2.9%	2.7%	2.6%	2.6%	1.4%
Households 2020	126	3,733	21,520	36,326	2,760,991
Households 2026	188	5,006	31,071	49,534	3,095,231
Households 2031	218	5,758	35,342	56,391	3,327,703
Compound % Change 2020-2026	6.9%	5.0%	6.3%	5.3%	1.9%
Compound % Change 2026-2031	3.0%	2.8%	2.6%	2.6%	1.5%
Median Household Income 2026	$177,440	$138,640	$115,559	$126,062	$96,073
Average Household Size	3.2	3.2	2.9	3.0	2.7
College Graduate %	54%	49%	43%	44%	40%
Owner Occupied %	97%	90%	77%	81%	59%
Renter Occupied %	3%	10%	23%	19%	41%
Median Owner Occupied Housing Value	$882,172	$735,254	$517,824	$531,559	$391,691
Median Year Structure Built	2015	2009	2010	2009	1995
Average Travel Time to Work in Minutes	47	43	39	39	31

Source: Claritas SPOTLIGHT

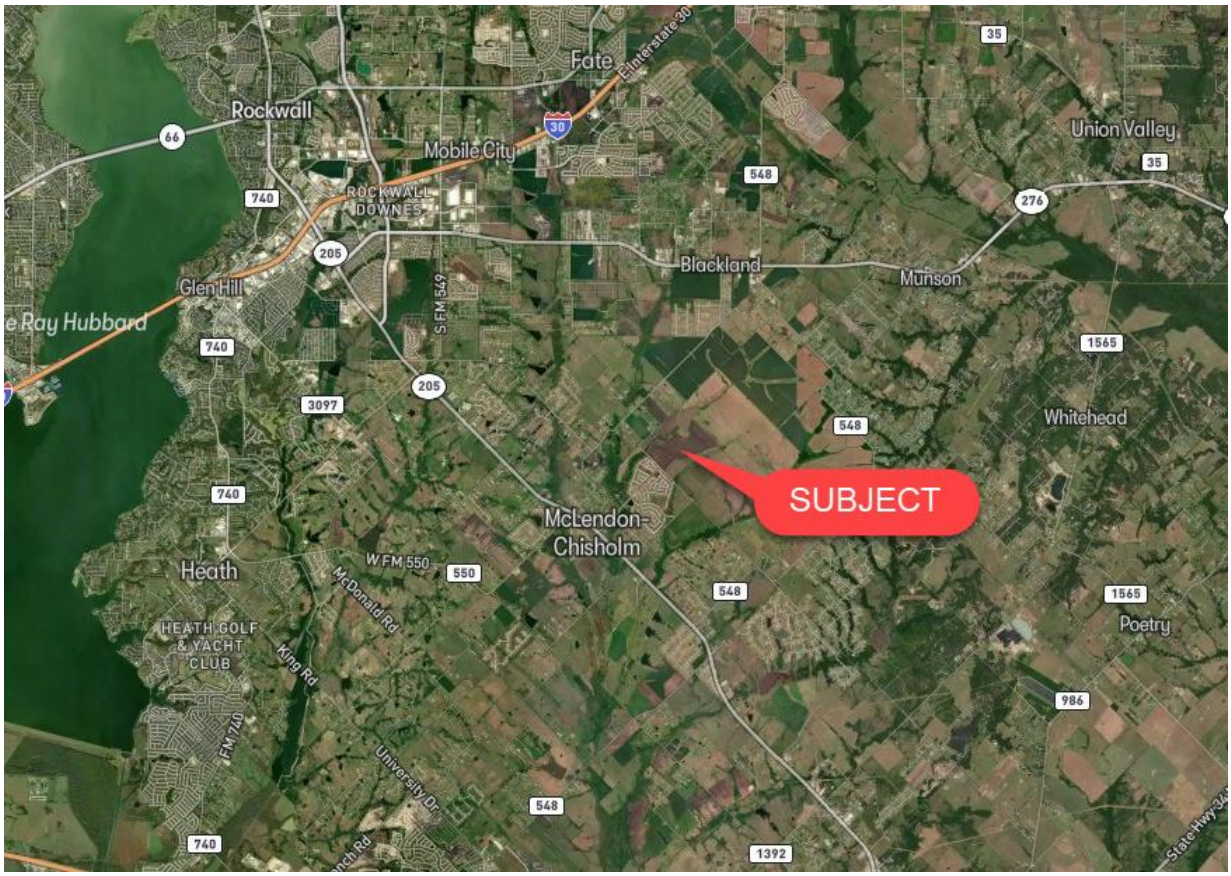
As shown above, the current population within a 10-minute drive time of the subject is 16,141, and the average household size is 3.2. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Rockwall County overall, the population within a 10-minute drive time is projected to grow at a faster rate.

Median household income is $138,640, which is higher than the household income for Rockwall County. Residents within a 10-minute drive time have a higher level of educational attainment than those of Rockwall County, while median owner-occupied home values are considerably higher.

Land Use

Predominant land uses in the immediate vicinity of the subject include a mix of single-family residential with various commercial uses at major intersections and roadways. Land use characteristics of the area are summarized below.

Immediate Surroundings	
North	Vacant Land
South	Vacant Land
East	Vacant Land
West	Single Family Subdivision



Development Activity and Trends

During the last five years, development has been predominantly of residential uses with supportive commercial and retail uses. The pace of development has generally accelerated over this time. The market area is located in close proximity to the Dallas-Fort Worth metropolitan area. It is also influenced by the cities of Rockwall, Fate and Royse City, Texas. As such, we have provided some recent development trends in and around the surrounding areas.

Heath Golf & Yacht Club is a master-planned golf/lake resort community located in Heath, Texas by Lake Ray Hubbard. Amenities in the development include an 18-hole championship golf course designed by Roy Bechtol, a 14,000 square-foot club house with dining and pro shop, a luxury pool with food and drink service, three tennis courts, volleyball, a state-of-the-art fitness center and 12 community guest boat slips. Miles of jogging and walking trails are throughout the community from the entrance to the shores of Lake Ray Hubbard. Students attend the Rockwall – Heath High School and Cain Middle School. The newly opened Linda Lyon Elementary School is located adjacent to the community within walking distance.

Rockwall Technology Park is a 550-acre high-tech business park located at Discovery Boulevard in Rockwall, Texas. Chewters Chocolates are developing an 189,000 square-foot facility on 10.6 acres in Phase II of the development. Interstate Wire Company built a 243,000 square-foot facility on 11 acres in Phase I. Other major companies that are a part of the park include Bimbo Bakeries USA, Karat by Lollocup/Atosa USA, and Pratt Industries.

The Harbor Project is a $75 million-dollar project in the City of Rockwall. This development is a public and private joint venture of the City of Rockwall and Whittle Development. Located along the eastern shoreline of Lake Ray Hubbard, south of IH-30, this project was developed with a 12-screen cinema, a 181-room upscale, full-service hotel and civic center, retail, restaurants, and office. Additionally, the City of Rockwall constructed public boardwalks, fountains, plazas, and pedestrian walkways.

Lake Ray Hubbard is located within Collin, Dallas, Rockwall, and Kaufman counties, abutting the west side of the City of Rockwall and the east side of the City of Rowlett, on the East Fork of the Trinity River. The lake is 22,745 acres in size, with a maximum depth of 40 feet. Lake Ray Hubbard is one of the older lakes in the Dallas area. Like most Texas lakes, it is man-made. The lake is actually owned by the City of Dallas, but the City of Dallas has no land bordering the lake. The water gets murky after a larger rainfall and the water level can get low at certain times of the year, yet the lake reportedly never floods.

Texas Health Hospital Rockwall (formerly known as Presbyterian Hospital of Rockwall) is located on the west side of Horizon Road, south of Ridge Road and is a 125,000 square-foot hospital located in the heart of Rockwall. The hospital was developed with 60 inpatient beds and offers advanced medical technology and comprehensive services for acute medical and surgical needs. The hospital offers a Women's Imaging and Breast Center, a bariatric clinic, an ambulatory surgery center, and a variety of physician practices. The hospital is currently expanding to double their size to include a Level 1 Neonatal Intensive Care Unit, a Cardiac Cath Lab, an Interventional Radiology suite, a second surgical robot, additional surgery suites, and an expanded emergency department. The project also includes the construction of numerous inpatient rooms and enhancements in ancillary service areas.

The Plaza at Rockwall, located at the southwest quadrant of IH-30 and SH-205, is a 50-acre, 475,000 square-foot retail development includes 56 stores including JC Penney, Belk, Best Buy, Ulta, Staples, Dick's Sporting Goods, Home Goods, Jo-Ann Fabrics, Shoe Carnival, Versona, and Olive Garden.

Royse City Town Center is a 130,000 square-foot, 16-acre commercial development located at the southeast corner of IH-30 and FM-2642 in Royse City approximately 35 minutes east of Dallas CBD.

Royse City Main Street district is a commercial district that runs from Elm Street to church Street in Royse City, Texas. The district's purpose is to encourage downtown revitalization while preserving historic buildings.

Royse City Parks – Recreational parks in Royse City include Becknell Park, Briarstone Park, City Lake Park, Cookston Court, Fox Fields, Old Jail Park, Old Mill Park, Splash Park, and Walker Hawk Sports Complex.

Stone River Golf Club – A family owned and operated 18-hole golf course. The facility offers a practice range, golf lessons, summer camps, tournaments, and special events as well as an onside bar and grill.

Zaner Robinson Historical Museum, located on Arch Street in Royse City, depicts life on the Blackland prairie from early settlers through the boom years (1920 to 1960s).

Rockwall ISD spans approximately 109 square miles across Rockwall County and portions of Collin County, serving one of the fastest-growing student populations in the region. All campuses are accredited by the Texas Education Agency, and the district offers a comprehensive academic program that includes Advanced Placement courses, dual credit opportunities, and specialized college- and career-readiness pathways. Rockwall ISD also provides alternative learning options through the Rockwall Quest Academy, supporting students who benefit from a non-traditional instructional environment. The district includes sixteen elementary schools, three middle schools, two high schools, and multiple specialized program facilities, with total enrollment now exceeding 18,000 students.

Walmart Supercenter constructed a 150,000± square-foot store located at the northwest corner of IH-30 and Erby Campbell Boulevard in Royse City.

Waterscape is a 310.20-acre master-planned subdivision located in Royse City, Texas. A total of 1,128 lots have been completed. Home prices currently range from approximately $305,000 to $600,000. An elaborate amenity center is located within the development. The property is located within the "Waterscape Public Improvement District" and is within the Royse City ISD.

Verandah is a 547-acre, master-planned residential development located at the northeast corner of IH-30 and FM-2642. Approximately 2,987 homes are eventually planned with 1,650 single-family lots developed to date. Current home prices range from $265,000 to $450,000. The master-planned community features an amenity center with a pool and a water spray park and playground, as well as picnic areas, soccer half-field, basketball half-court, pocket parks, and hike/bike trails. A pond with water features is located at each of the two entrances to the development. The development is located within the Royse City ISD.

President George Bush Turnpike Extension Update - The President George Bush Turnpike Eastern Extension is a 9.9-mile segment from SH-78 in Garland, east to IH-30. The six-lane toll road opened December 21, 2011, and passes through the cities of Garland, Sachse, and Rowlett and includes a one-mile bridge over Dallas' Lake Ray Hubbard.

Horizon Lakes – a 900-acre residential community located on the western edge of McLendon-Chisholm. This is the largest single development in the city's history and will eventually contain up to 2,200 homes.

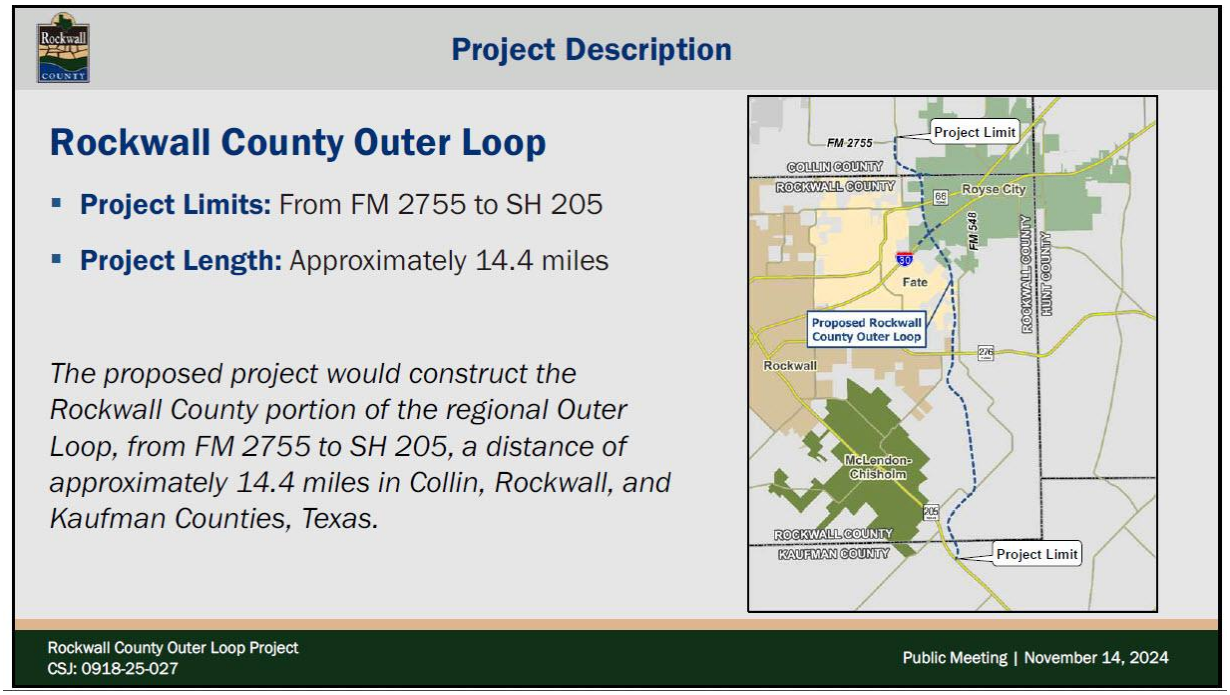
Meraki – is one of the fastest growing subdivisions on the city with a maximum build-out of approximately 750 homes

Sonoma Verde – is a long-running master planned community with a maximum build-out of approximately 1,300 homes

Rockwall Commons is a mixed-use project with Class A office, retail, and restaurant space, as well as a significant residential component. Rockwall Commons, a project of T.F. Stone Companies, Inc., is located on the east side of Ridge Road north of IH-30. The mixed-use project is the first of its kind in the growing Rockwall market. In addition to views of Lake Ray Hubbard, the project offers Rockwall's first underground parking garage. Rockwall Commons incorporates 30,000 square feet of office space, 14,000 square feet of retail and restaurant space, and 202 residential units. The project features a number of water features, pools, garden and sitting areas, an amphitheater, a jogging track around the entire development, and on-site management.

The area between IH-30 and IH-20, east of the DFW metroplex, has experienced rapid residential growth. Area developments have included subdivisions in Municipal Utility Districts, small ranchettes and large ranches. Development growth is expected to increase once the following proposed highways are in place including the expansion of FM-205 in Rockwall that feeds into SH-276, the future SH-205 Loop around Rockwall that will intersect with SH-276, and the future Rockwall County Loop that will intersect with SH-276. The SH-190 (President George Bush Tollway) was extended from Garland to IH-30. These roadways promote future growth east of Rockwall as residents in Rockwall County, Kaufman County, and Hunt County now have better access to employment centers in North Dallas and the surrounding areas.

Rockwall County Outer Loop is a planned 14.4-mile north-south transportation corridor designed to improve regional connectivity between Collin and Kaufman Counties. As of early 2026, the project has transitioned from a general feasibility study into specific schematic development and environmental review phases. The proposed project would construct the approximately 14.4-mile Rockwall County portion of the regional Outer Loop, consisting of four 12-foot-wide frontage road lanes (two in each direction), four 12-foot-wide general purpose lanes (two in each direction), and two 10-foot-wide shared-use paths (one in each direction, outside the frontage road lanes) within a typical 500-foot-wide right of way. The project would be constructed in phases contingent on traffic volumes and available funding. The proposed project would involve construction in wetlands and an action in a floodplain.

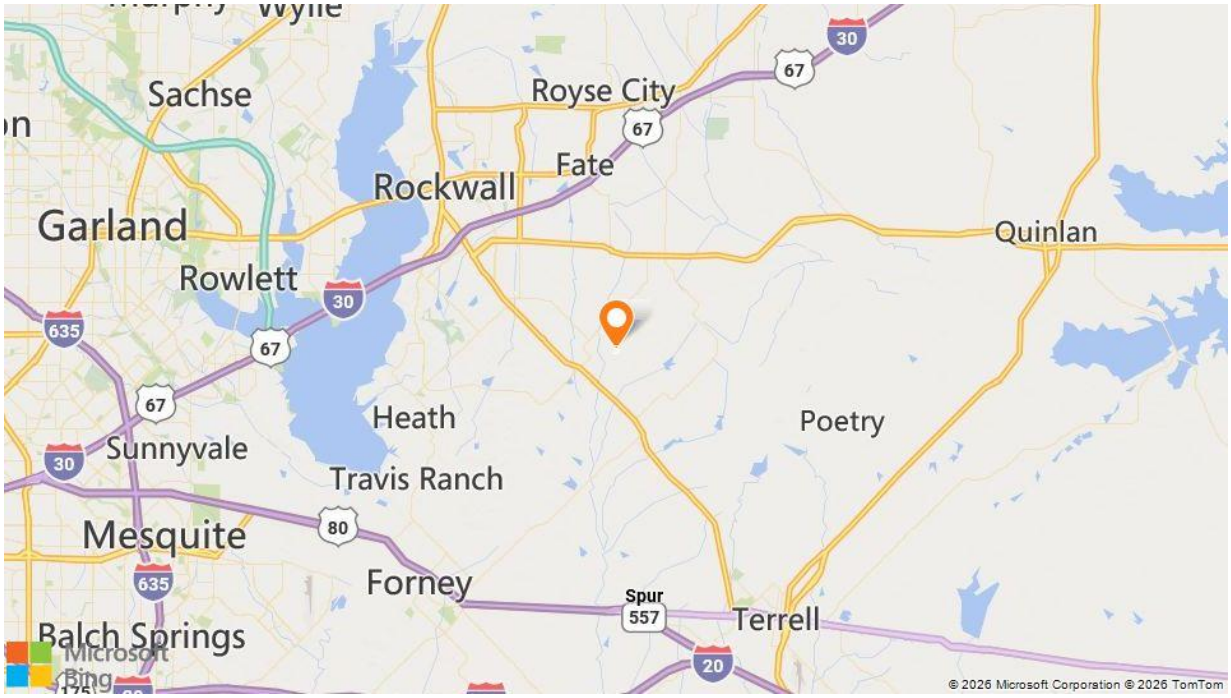


Outlook and Conclusions

The neighborhood is characterized as having a moderately high residential base. The retail/commercial development area in Rockwall County is concentrated along IH-30, SH-66, and SH-205 (Goliad Street). The neighborhood has primarily newer improvements with vacant land available for future development. However, the neighborhood has seen increased demand in most real estate sectors. New residential development should continue to grow with the increase in population and economic growth which will increase the demand for retail and commercial support facilities. Therefore, the overall social, environmental, and governmental forces currently affecting the neighborhood are generally positive.

Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future. In comparison to other areas in the region, the area is rated good.

Surrounding Area Map



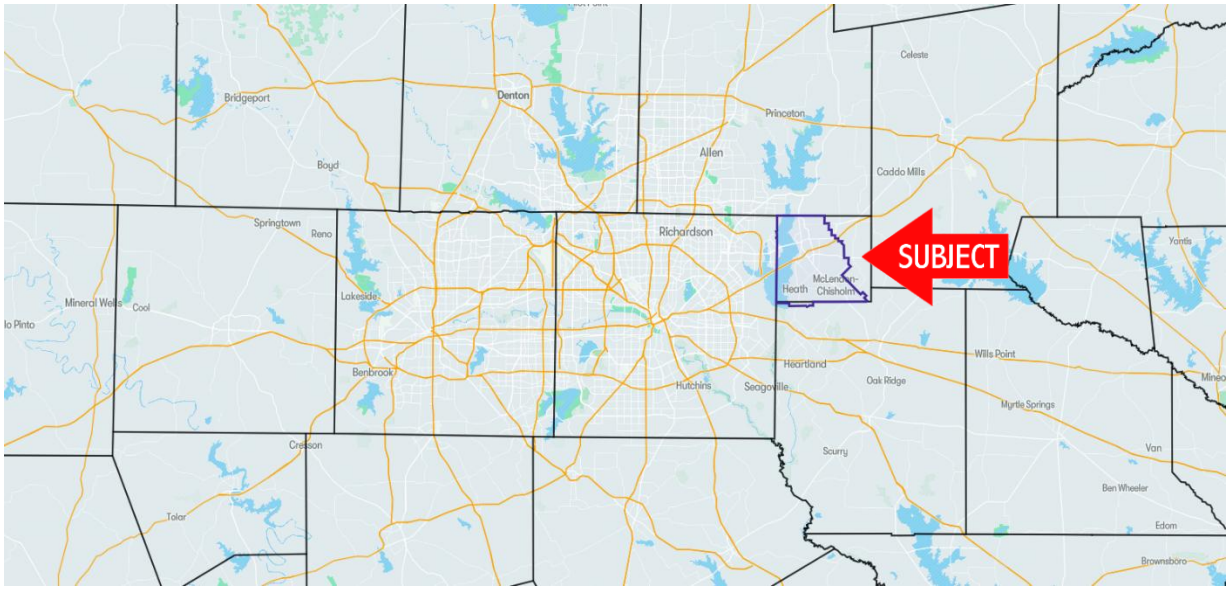
Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed to be developed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda, a nationally recognized information provider, 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. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of McLendon-Chisholm in Rockwall County and is within the Rockwall Independent School District. Therefore, data obtained from Zonda as of Fourth Quarter 2025 for the defined area of "Rockwall County", as shown in the following map, will be analyzed with a summary of the details following.

Defined Submarket Map Area – Rockwall County

Following is a map of the defined submarket area as well as a chart summarizing the historical home/lot absorption from the past several years for the defined submarket area as provided by Zonda:



Historical Housing Activity Summary – Rockwall County

Following is a chart summarizing the historical home/lot absorption from the past several years for the defined submarket area as provided by Zonda:

	4Q 2020	4Q 2021	4Q 2022	4Q 2023	4Q 2024	4Q 2025	YOY Change
Vacant Developed Lots	1,800	2,231	1,736	2,776	2,759	3,049	10.51%
VDL Months Of Supply	18.4	22.4	14.1	41.7	26.7	35.1	31.18%
Quarterly Starts	388	236	415	320	289	164	-43.00%
Annual Starts	1,177	1,194	1,481	798	1,239	1,044	-16.00%

Defined Submarket Area

Per Zonda data, the absorption of homes/lots within the submarket area has been fluctuating since 2020. The submarket area absorbed the following total homes/lots from 2020 to 2025:

Zonda Analysis	Historical Absorption	
	Annual	
Year 1 (2020)	1,177	
Year 2 (2021)	1,194	
Year 3 (2022)	1,481	
Year 4 (2023)	798	
Year 5 (2024)	1,239	
Year 6 (2025)	1,044	
Historical Annual Average	**1,156**	
Existing VDL	**3,049**	
Historical Absorption Average	**1,156**	
Past 12 Months	**1,044**	
Lot Supply (6.0± Year Historical)	**2.6**	**Years Supply**
Lot Supply (12 Months)	**2.9**	**Years Supply**

As can be seen, since 2020 (6.0 years), the annual average of homes/lots absorbed was 1,156 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the number of homes/lots absorbed decreases slightly to 1,044 homes/lots in the submarket. According to Zonda, the existing supply of available housing is currently slightly above ideal levels in the submarket. The number of vacant developed lots in the submarket substantially increased in 2023 and has remained stable since due to anticipated demand levels from a low of 1,736 in Fourth Quarter 2022 to its current level of 3,049 lots in Fourth Quarter 2025.

Based upon the Zonda absorption figures of the past 6.0 years, there is currently a 2.6±-year (3,049 lots ÷ 1,156 lots = 2.6±-years) total supply of existing lots available in the submarket. This total supply is considered to be slightly above the optimum lot supply levels of 2.0 to 2.5 years per Zonda. Further, when utilizing the more current 12-month absorption of 1,044 home/lots, the total supply of existing lots available in the subject's defined submarket increases further to 2.9±-years (3,049 lots ÷ 1,044 lots/year = 2.9±-years), which is also above the upper end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's submarket is estimated to be between 2.6±-years to 2.9± years. Currently, this total lot supply is considered to be slightly above the optimum supply levels. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, with continued demand and a current oversupply of lot supply, it appears that additional lot product in the submarket is marginally feasible at the current time.

Property Analysis

Land Description and Analysis

Location

The subject project is located in east quadrant of Edwards Road East/West and Edwards Road North/South Land Area.

The following table summarizes the subject's proposed lots.

Land Description	
50' Lot Area	6,000 SF; 0.138 acres
60' Lot Area	7,200 SF; 0.165 acres
65' Lot Area	7,800 SF; 0.179 acres
Source of Land Area	Engineering Report
Primary Street Frontage	Northwest quadrant of SH-205 and League Road - 80 feet
Shape	Rectangular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Flood Area Panel Number	48397C0130L
Date	September 26, 2008
Zone	X
Description	Outside of 500-year floodplain (All developed lots will be outside of the flood plain)
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of McLendon-Chisholmn
Zoning Designation	Development Agreement
Description	Residential
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single Family
Utilities	
Service	Provider
Water	McLendon-Chisholm
Sewer	McLendon-Chisholm

General Description - Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)

The subject of this report represents the initial phases of development for the Sonoma Verde North Public Improvement District (PID) and is known as Zone A Improvement Area #1 (Phases 1A and 1B) and Zone B Improvement Area #1 (Phases 4A and 4B). Upon completion of development, Phases 1A/1B will contain 235 residential lots that are to be constructed on approximately 173.723 gross acres while Phases 4A/4B will contain 121 residential lots that are to be constructed on approximately 35.064 acres of land. Phases 1A/1B have a projected completion date of August 1, 2027, while Phases 4A/4B have a projected completion date of May 1, 2027. The property is zoned under a development agreement with the city of McLendon-Chisholm and allows for the development of single family lots/homes as described herein.

Improvements will also include concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature.

The Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1) are summarized in the following exhibit:

Sonoma Verde North

		Density	Typical Lot Dimensions				Expected
Phase	Acres	Per Acre	50' x 120'	60' x 120'	65' x 120'	Total Lots	Completion Date
1A/1B	173.723	1.4	167	0	68	235	August 1, 2027
4A/4B	35.064	3.5	0	121	0	121	May 1, 2027













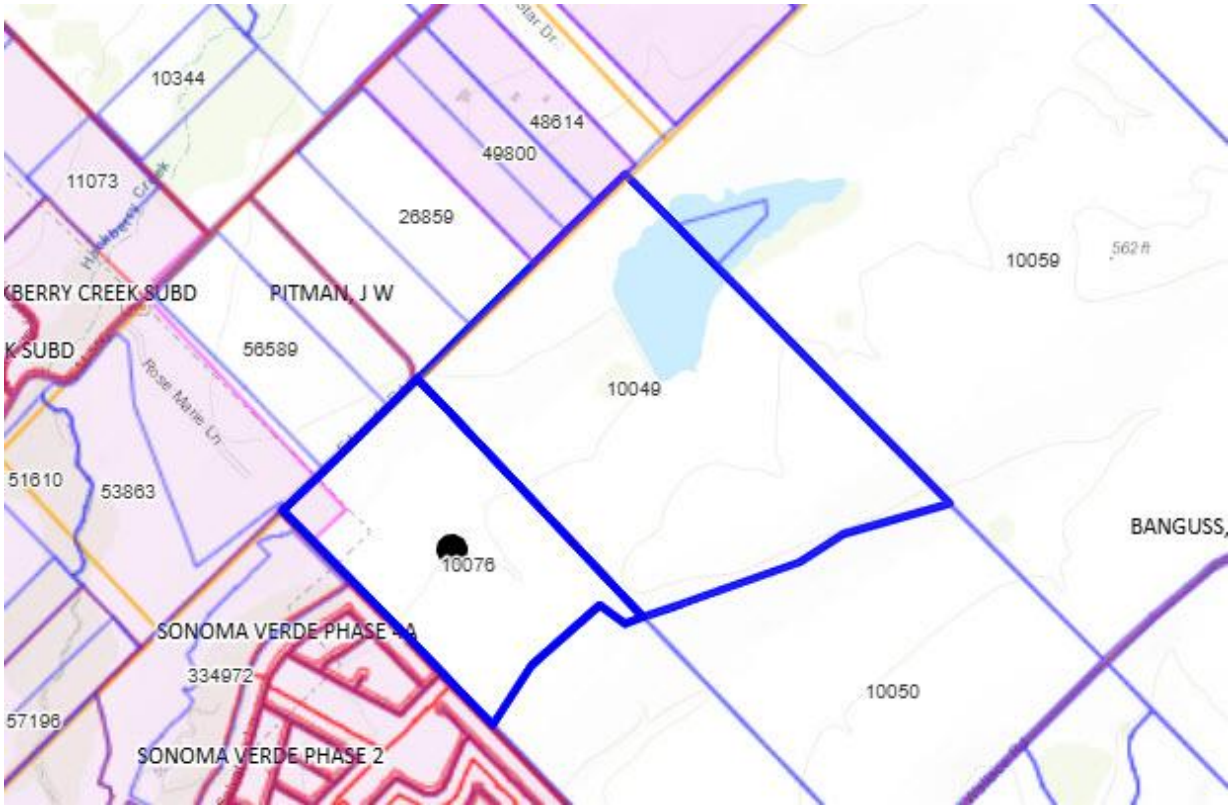


Aerial Photograph

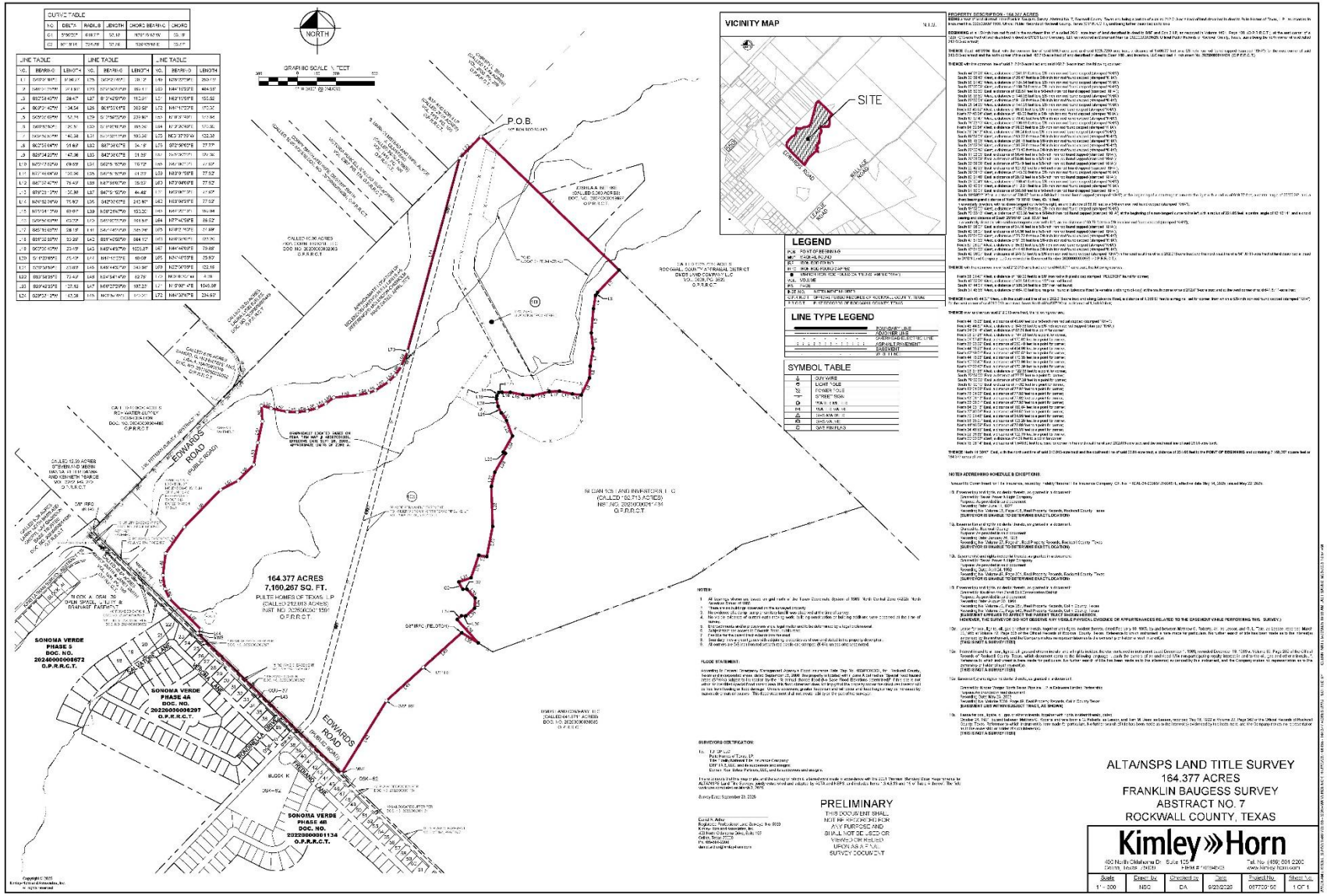


Acquisition date - 12 Feb 2026 17:12 UTC - Copyright © Bird.i Ltd. - Image © 2026 CNES / AirbusDS

Tax Plat Map

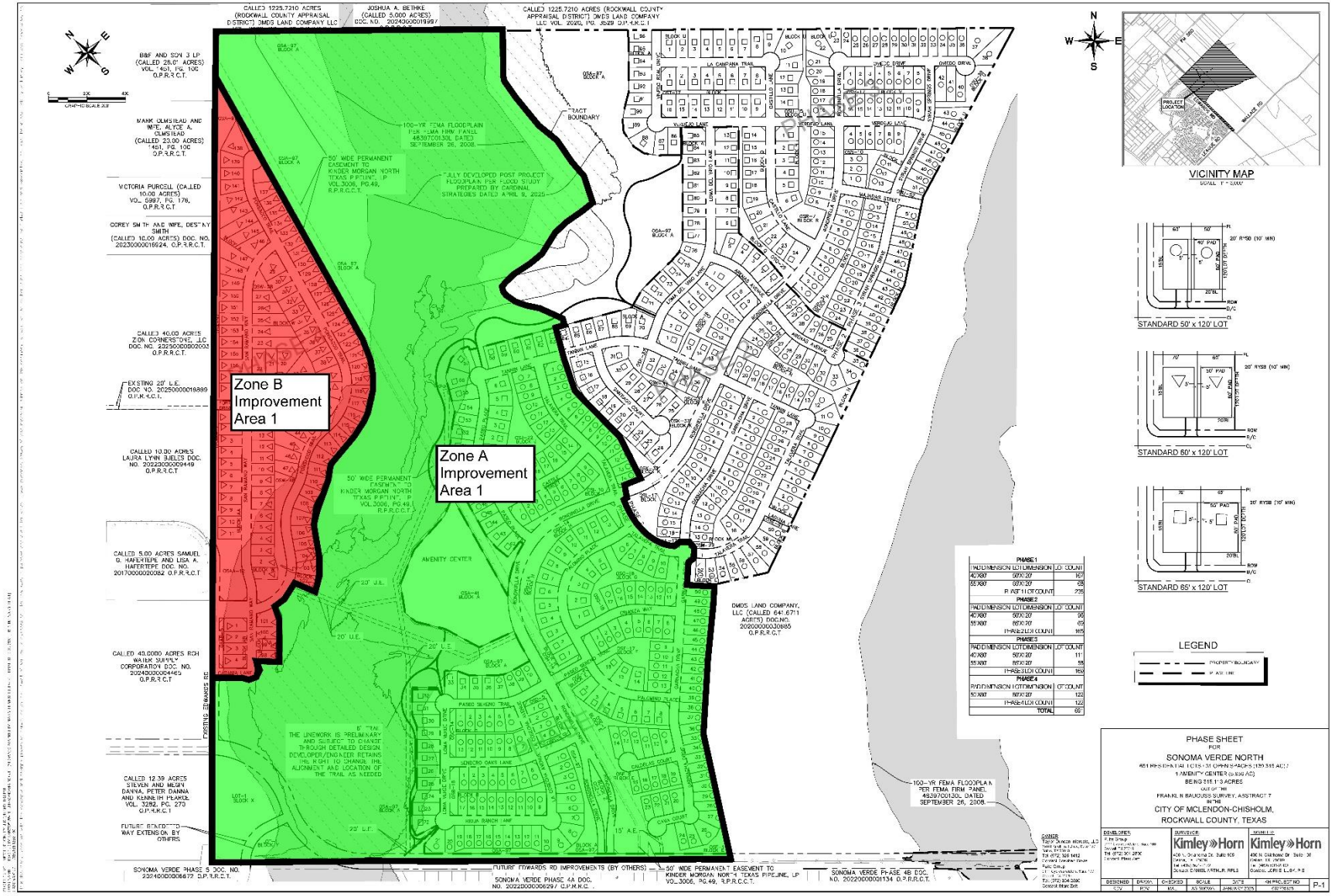

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SONOMA VERDE PHASE 2

Survey – Zone A



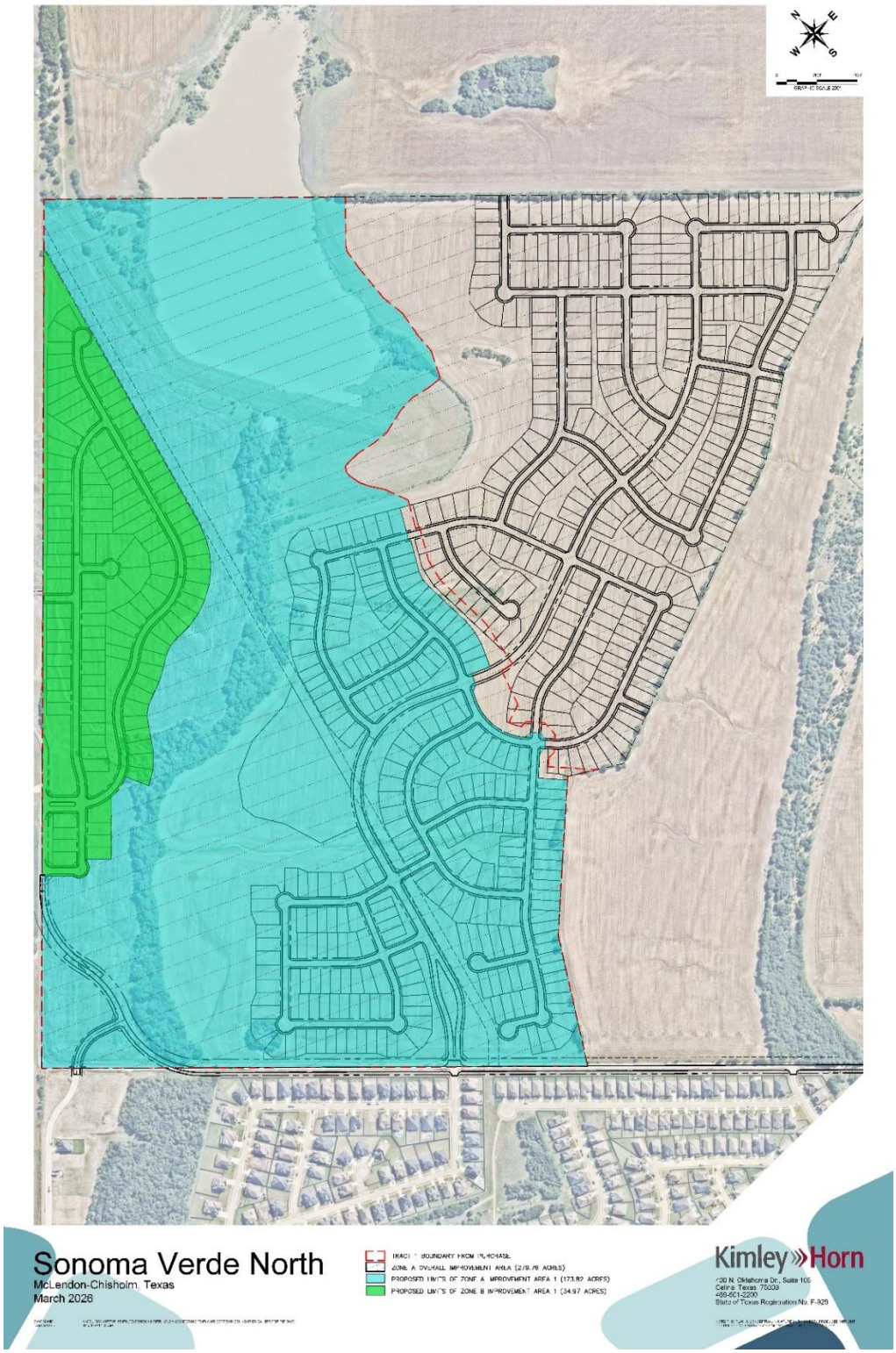
Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)

Improvement Areas



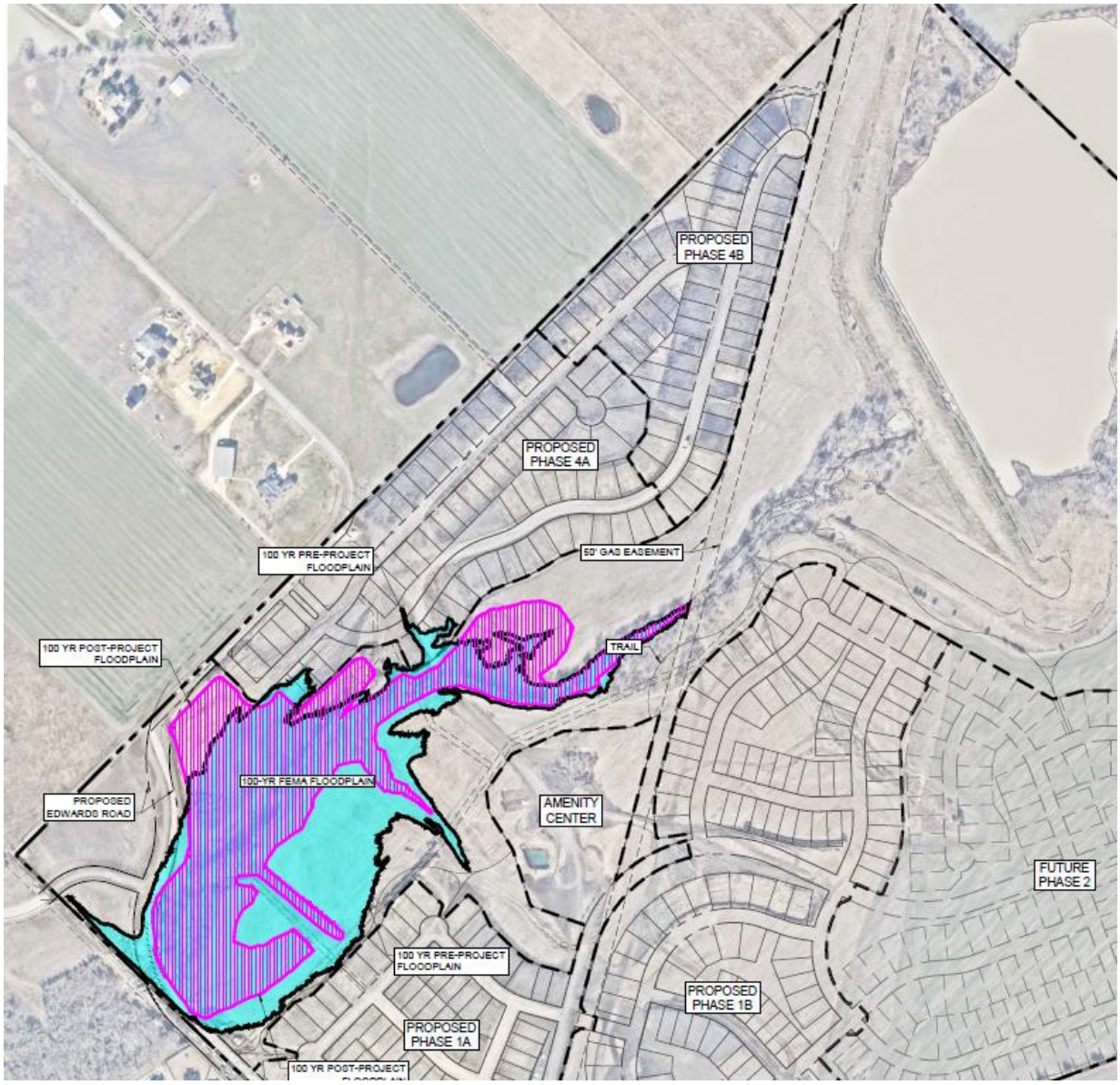
Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)

Concept Plan



Flood Hazard Map





FLOODPLAIN AREAS

100 YR PRE-PROJECT FLOODPLAIN	20.71 ACRES
100 YR POST-PROJECT FLOODPLAIN	15.13 ACRES

Allocation of Authorized Improvements

Based on information in the Engineer's Report 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 and the Apportioned Property. Authorized Improvements will be designed and constructed in accordance with the City's standards, regulations, requirements, and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B-1**. The Apportionment of Costs is shown on **Exhibit B-2**.

A. Major Improvements

- ***Streets***

  Improvements to Edwards Road from the western property line to League Road (including the intersection with League Road) and Benedetto Way (extension from existing Sonoma Verde to the newly realigned Edwards Road). These improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within the District.

- ***Right-of-Way***

  Improvements include right-of-way acquisition required to provide street improvements for all lots within the District. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- ***Sewer***

  Improvements include the extension of a gravity sewer main from Edwards Road through the existing Sonoma Verde development to the existing Sonoma Verde Lift Station and upgrades to the force main system (parallel force main, meter installation, etc.) from the existing Sonoma Verde Lift Station. These improvements include trench excavation and embedment, trench safety, PVC piping, lift station upgrades, pump upgrades, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- ***Storm Drainage***

  The improvements include the required storm drainage along the Edwards Road and Benedetto Way extensions as well as the removal/replacement of the existing culverts at the Berry Creek and Hackberry Creek crossings with Edwards Road. The improvements include earthen channels/grade to drains, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

- ***Soft Costs***

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

B. Zone A Improvements

- ***Streets***

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A.

- ***Right-of-Way***

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- ***Sewer***

  Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to each Lot within Zone A.

C. Zone A Improvement Area #1 Improvements

- ***Streets***

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone A Improvement Area #1.

- ***Right-of-Way***

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone A Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- ***Sewer***

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

- ***Storm Drainage***

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

- ***Soft Costs***

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

D. Zone B Improvement Area #1 Improvements

- ***Streets***

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, and handicapped ramps. The street improvements will provide benefit to each Lot within Zone B Improvement Area #1.

- ***Right-of-Way***

  Improvements include right-of-way acquisition required to provide street improvements for all lots within Zone B Improvement Area #1. All related earthwork, excavation, erosion control, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included.

- ***Sewer***

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

- ***Storm Drainage***

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

- ***Soft Costs***

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

EXHIBIT B-2 – APPORTIONMENT OF COSTS

Improvement Area	Units	Estimated Buildout Value	Major Improvements[a]		Zone A Improvements[b]		Total Apportionment for Future Funding[c]
			%	Costs	%	Costs	
Zone A Improvement Area #1	235	$ 135,940,490.00	34.57%	$ 3,331,832.82	40.67%	$ 645,097.05	
Zone B Improvement Area #1	121	$ 58,991,372.00	15.00%	$ 1,445,848.76	NA	NA	
Zone A Remainder Area	334	$ 198,334,325.00	50.43%	$ 4,861,074.24	59.33%	$ 941,183.07	$ 5,802,257.31
Total	**690**	**$ 393,266,187.00**		**$ 9,638,755.83**		**$ 1,586,280.12**	

Footnotes:

[a] The costs of the Major Improvements apportioned pro rata based on Estimated Buildout Value between Zone A Improvement Area #1, Zone B Improvement Area #1, and Zone A Remainder Area.

[b] The costs of the Zone A Improvements apportioned pro rata based on Estimated Buildout Value between Zone A Improvement Area #1 and Zone A Remainder Area.

[c] Reimbursable in part or in full from future Assessments levied on the Remainder Area.

EXHIBIT A-2 – MAP OF ZONE A

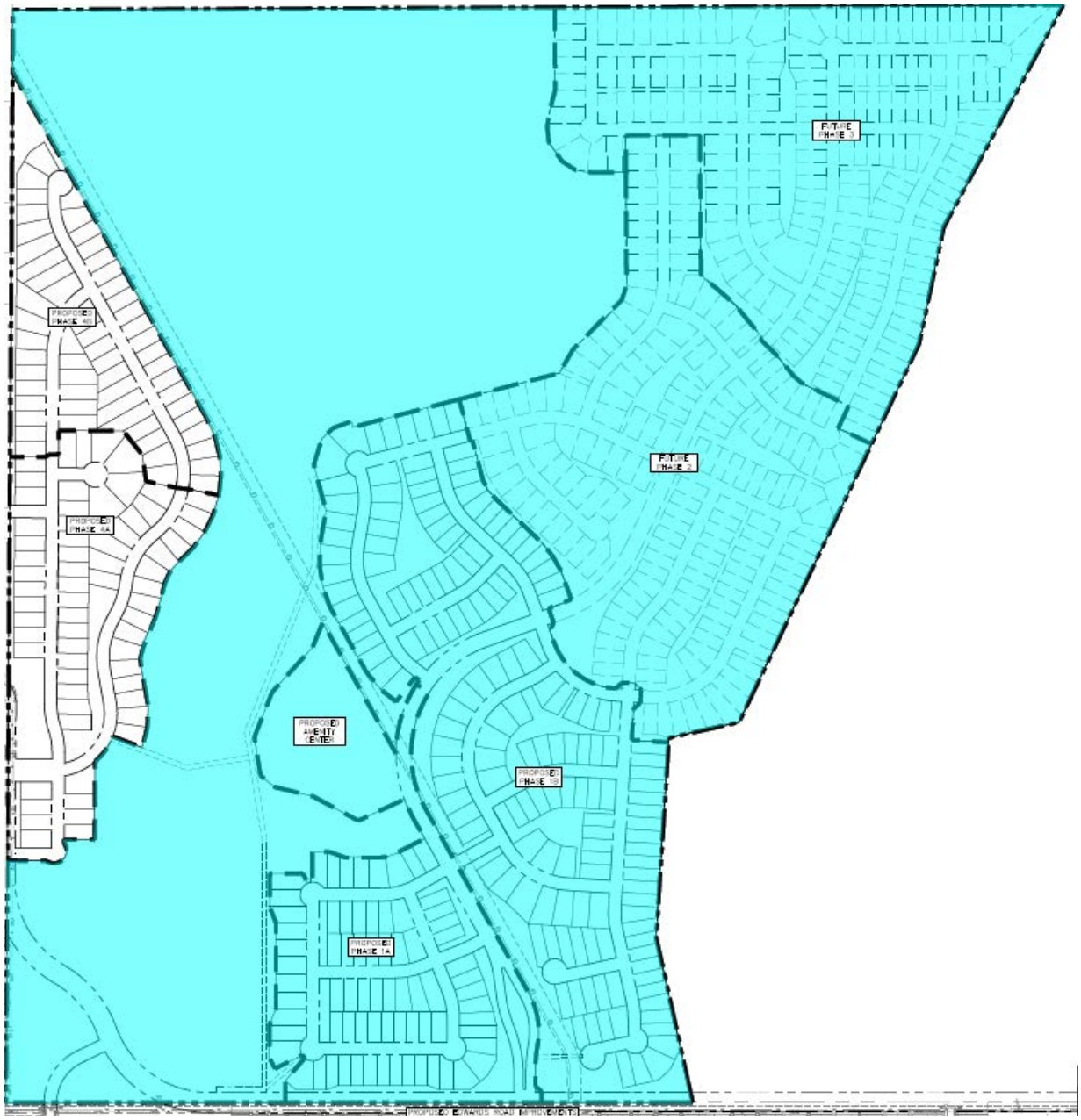


EXHIBIT A-3 – MAP OF ZONE A IMPROVEMENT AREA #1

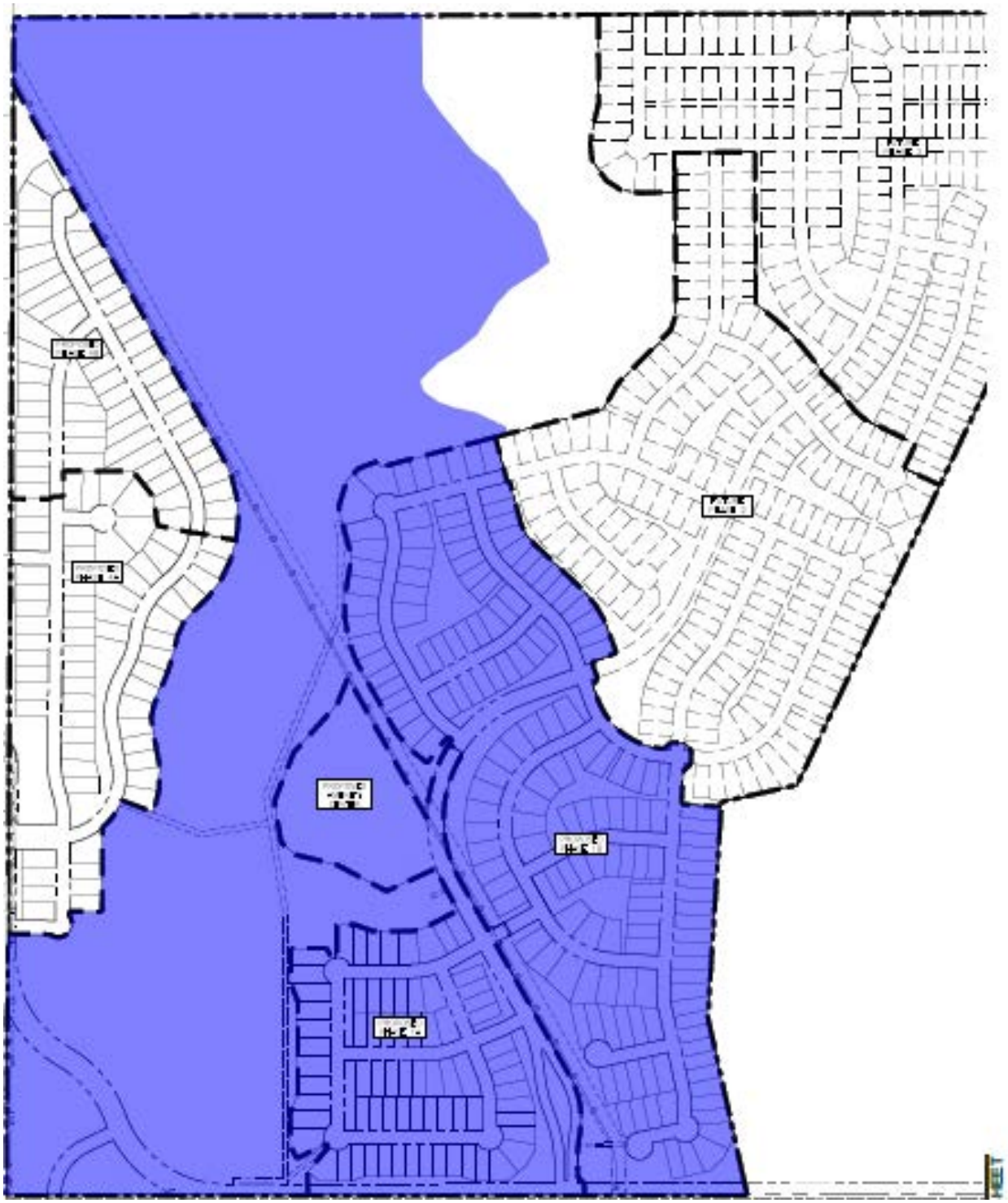


EXHIBIT A-4 – MAP OF ZONE B IMPROVEMENT AREA #1

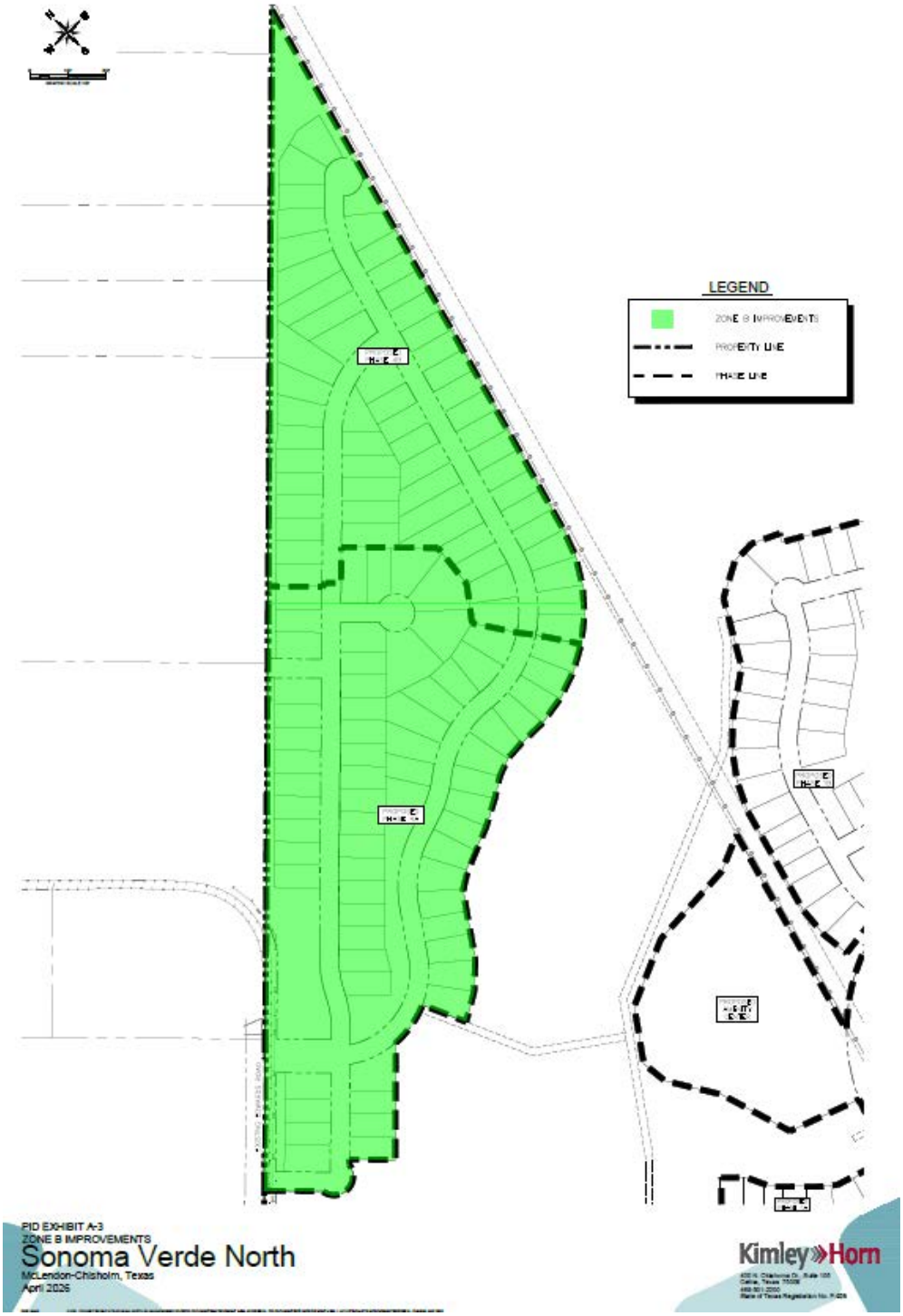


EXHIBIT A-5 – ZONE A IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

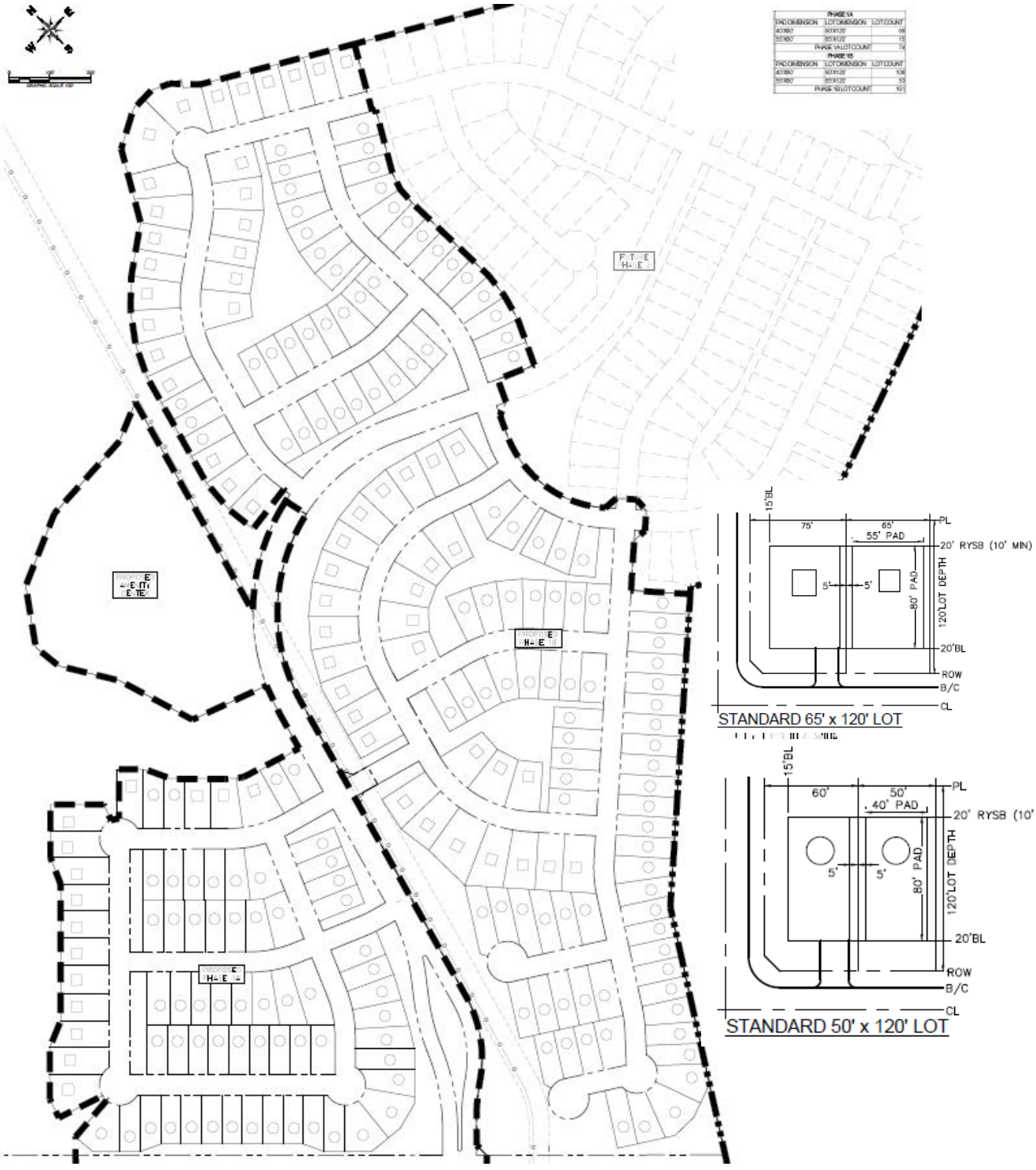
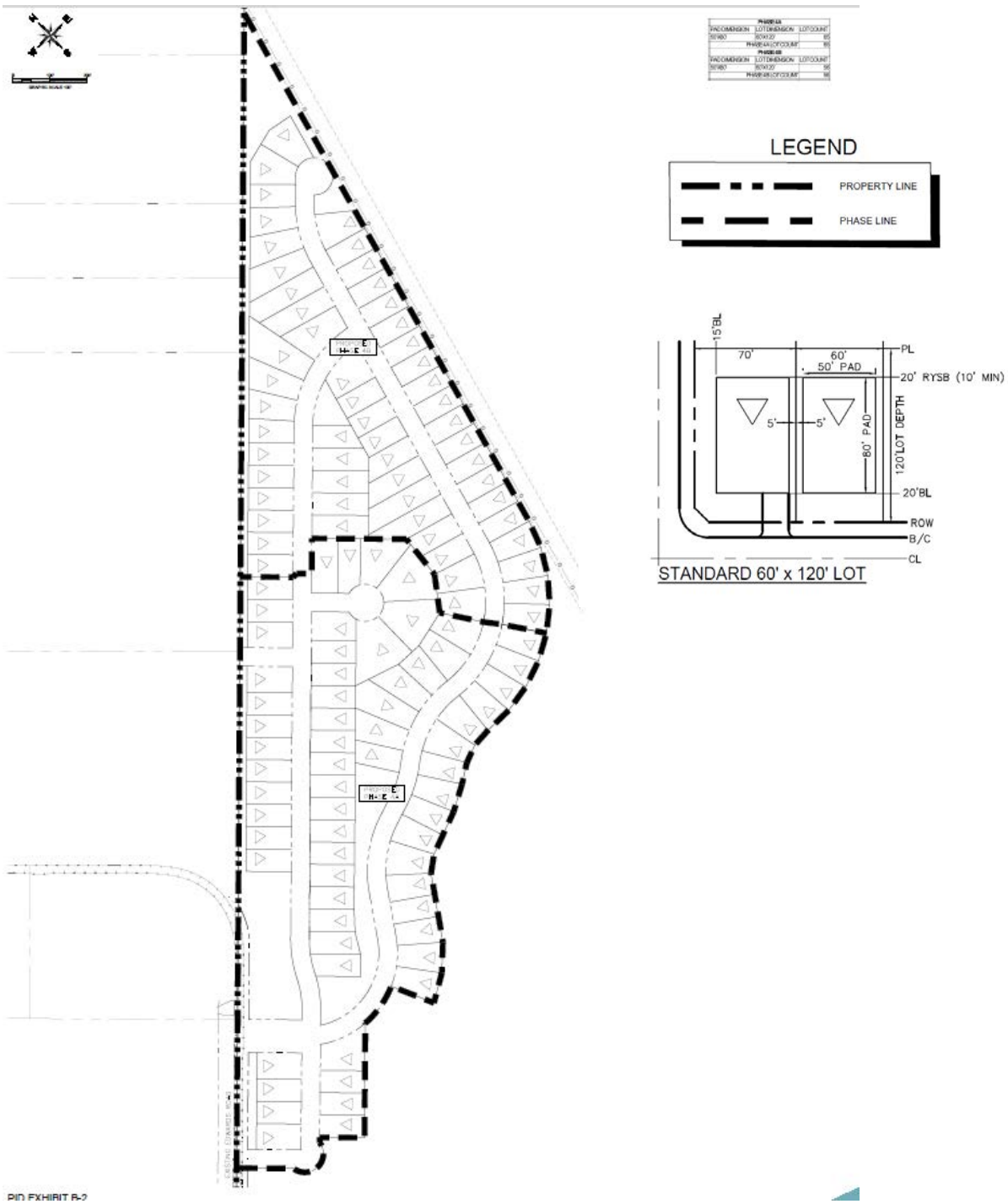


EXHIBIT A-6 – ZONE B IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP



Real Estate Taxes

Real estate tax assessments are administered by the Rockwall Central Appraisal District 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 tax rates are certified in October.

The subject is currently assessed vacant land. As we are valuing prospective developed lots, the assessed value as vacant land is irrelevant.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is subject is governed by a developer's agreement with the city of McLendon-Chisholm, which allows for residential development as detailed on the exhibits herein. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining highest and best use of the site.

Financially Feasible

Based on the accompanying analysis of the market, there is currently marginal demand for immediate single-family residential use in the subject's area. It appears 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 site that would generate a higher residual land value than single-family residential use. Accordingly, single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a homebuilder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

Sales Comparison Approach

To develop an opinion of the subject's lot values within Zone A – Improvement Area 1 and Zone B - Improvement Area #1, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to the three lot types being 50-feet, 60-feet, and 65-feet in lot width.

The Sales Comparison Approach will be utilized to determine lot values for the individual lot types as well as the other land tracts which are summarized as follows:

Land Parcels

Name	SF	Acres	Units	Unit of Comparison
50' Lots	6,000	0.138	50	Front Footages
60' Lots	7,200	0.165	60	Front Footages
65' Lots	7,800	0.179	65	Front Footages

50' Lots (50’ x 120’ = 6,000 SF)

To apply the sales comparison approach to the 50' Lots, the research focused on transactions within the following parameters:

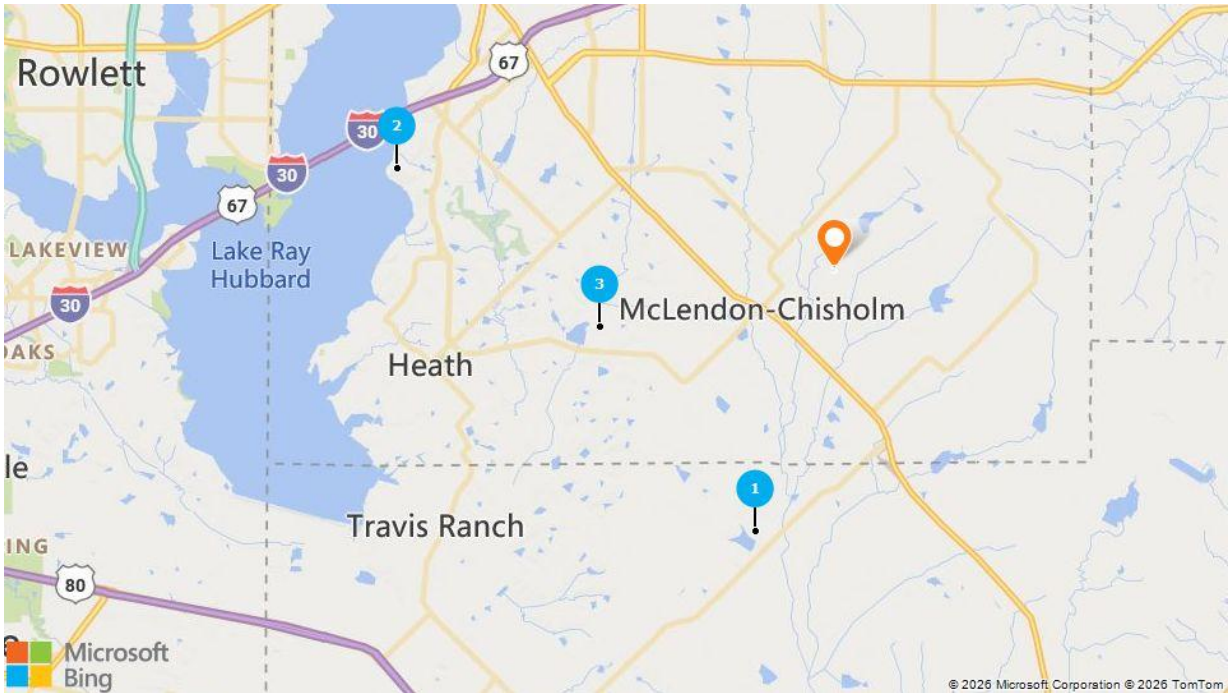
- Location: Immediate or Similar Market Area
- Size: 45’ to 60’ Lot Width
- Use: Residential
- Transaction Date: Past 15 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

Summary of Comparable Land Sales - 50' Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage	Zoning	$/Front Footage	$/SF Land
1	Meraki, Phase 1A & 1B - 60' Lots West side of Meraki Parkway, northeast of Mann Road McLendon-Chisholm ETJ Kaufman County TX	Oct-25 Closed	$126,000	7,800 0.18	60	Kaufman County	$2,100	$16.15
	Comments: Meraki is a 1,100-acre master-planned community offering an on-site Forney ISD elementary school, amenity centers, 300 acres of green space, and lakes. The development is in the Forney ISD.							
2	Chandlers Landing, Phase 4 - 50' Lot East side of Ranger Drive, northeast of Yacht Club Drive Rockwall Rockwall County TX	Jan-25 Closed	$109,000	5,288 0.12	45	PD-8 (Planned Development)	$2,422	$20.61
	Comments: Sale of a single-family lot located in an established subdivision. The lot reportedly has a second floor view of Lake Ray Hubbard. This is a gated neighborhood with 24 hour security. The resort community offers 2 community pools, a restaurant with lake front views, tennis courts, marina, boat ramp, jogging path, stocked ponds for fishing and many greenbelts.							
3	Horizon Lakes - 50' Lots North of FM-550 and west of existing Pullen Road McLendon Chisholm Rockwall County TX	Jul-26 In-Contract	$110,000	6,000 0.14	50	Development	$2,200	$18.33
	Comments: These lots are located within the city limits of McLendon Chisholm in Rockwall ISD and are part of the Horizons Lake development. The seller put in all the major infrastructure including utilities and abutting roadways.							
	Subject Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1) McLendon-Chisholm, TX			6,000 0.14	50	Development Agreement		

Comparable Land Sales Map – 50' Lots





Sale 1
Meraki, Phase 1A & 1B - 60' Lots



Sale 2
Chandlers Landing, Phase 4 - 50' Lot



Sale 3
Horizon Lakes - 50' Lots

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 6% through the date of valuation. The sales took place or will take place from January 2025 to July 2026. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1 and 3 are similar to the subject. No adjustments are necessary. Sale 2 is adjusted downward for superior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of Development Agreement - Residential.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 50' Lots

	Subject	Comparable 1	Comparable 2	Comparable 3
Name	Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)	Meraki, Phase 1A & 1B - 60' Lots	Chandlers Landing, Phase 4 - 50' Lot	Horizon Lakes - 50' Lots
Address	East quadrant of Edwards Road East/West and Edwards Road North/South	West side of Meraki Parkway, northeast of Mann Road	East side of Ranger Drive, northeast of Yacht Club Drive	North of FM-550 and west of existing Pullen Road
City	McLendon-Chisholm	McLendon-Chisholm ETJ	Rockwall	McLendon Chisholm
County	Rockwall	Kaufman	Rockwall	Rockwall
State	Texas	TX	TX	TX
Sale Date		Oct-25	Jan-25	Jul-26
Sale Status		Closed	Closed	In-Contract
Sale Price		$126,000	$109,000	$110,000
Square Feet	6,000	7,800	5,288	6,000
Number of Front Footages	50	60	45	50
Price per Front Footage		**$2,100**	**$2,422**	**$2,200**
Transactional Adjustments				
Property Rights		Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–
Financing Terms		Cash to seller	Cash to seller	Cash to seller
% Adjustment		–	–	–
Conditions of Sale				
% Adjustment		–	–	–
Expenditures Made Immediately After Purchase				
$ Adjustment		–	–	–
Market Conditions	8/1/2027	Oct-25	Jan-25	Jul-26
Annual % Adjustment	6%	11%	15%	6%
Cumulative Adjusted Price		**$2,331**	**$2,786**	**$2,332**
Property Adjustments				
Location		–	-20%	–
Access/Exposure		–	–	–
Size		–	–	–
Shape and Topography		–	–	–
Zoning		–	–	–
Net Property Adjustments ($)		$0	-$557	$0
Net Property Adjustments (%)		0%	-20%	0%
Final Adjusted Price		**$2,331**	**$2,228**	**$2,332**

Range of Adjusted Prices	**$2,228 - $2,332**
Average	**$2,297**
Indicated Value	**$2,300**

Land Value Conclusion – 50' Lots

Prior to adjustments, the sales reflect a range of $2,100 - $2,422 per front footage. After adjustment, the range is narrowed to $2,228 - $2,332 per front footage, with an average of $2,297 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion

50' Lots	
Indicated Value per Front Footage	$2,300
Subject Front Footages	50
Indicated Value	$115,000
Rounded	$115,000

60' Lots (60’ x 120’ = 7,200 SF)

To apply the sales comparison approach to the 60' Lots, the research focused on transactions within the following parameters:

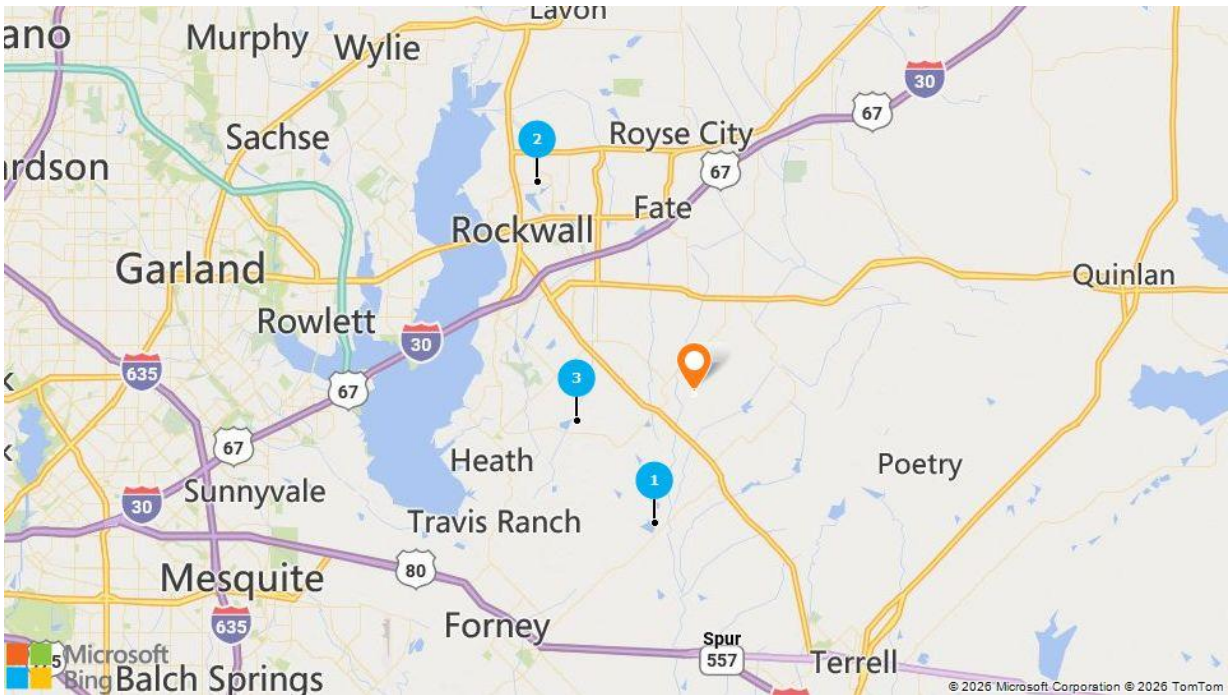
- Location: Immediate or Similar Market Area
- Size: 50’ to 82’ Lot Width
- Use: Residential
- Transaction Date: Past 15 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 60' Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage	Zoning	$/Front Footage	$/SF Land
1	Meraki, Phase 1A & 1B - 60' Lots West side of Meraki Parkway, northeast of Mann Road McLendon-Chisholm ETJ Kaufman County TX	Oct-25 Closed	$126,000	7,800 0.18	60	Kaufman	$2,100	$16.15
	Comments: Meraki is a 1,100-acre master-planned community offering an on-site Forney ISD elementary school, amenity centers, 300 acres of green space, and lakes. The development is in the Forney ISD.							
2	Quail Hollow, Phase 2 - 62' Southeast cornet of John King Boulevard and Hays Lane Rockwall Rockwall County TX	Mar-26 In-Contract	$155,000	7,750 0.18	62	PD - 97	$2,500	$20.00
	Comments: This lot is located in a multiphase subdivision in the Rockwall ISD.							
3	Horizon Lakes - 50' Lots North of FM-550 and west of existing Pullen Road McLendon Chisholm Rockwall County TX	Jul-26 In-Contract	$110,000	6,000 0.14	50	Development Agreement	$2,200	$18.33
	Comments: These lots are located within the city limits of McLendon Chisholm in Rockwall ISD and are part of the Horizons Lake development. The seller put in all the major infrastructure including utilities and abutting roadways.							
	Subject Sonoma Verde North Public Improvement McLendon-Chisholm, TX			7,200 0.17	60	Development Agreement		

Comparable Land Sales Map – 60' Lots





Sale 1
Meraki, Phase 1A & 1B - 60' Lots



Sale 2
Quail Hollow, Phase 2 - 62'



Sale 3
Horizon Lakes - 50' Lots

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 6% through the date of valuation. The sales took place or will take place from October 2025 to July 2026. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1 and 3 are similar to the subject. No adjustments are necessary. Sale 2 is adjusted downward for superior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of Development Agreement - Residential.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 60' Lots				
	Subject	Comparable 1	Comparable 2	Comparable 3
Name	Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)	Meraki, Phase 1A & 1B - 60' Lots	Quail Hollow, Phase 2 - 62'	Horizon Lakes - 50' Lots
Address	East quadrant of Edwards Road East/West and Edwards Road North/South	West side of Meraki Parkway, northeast of Mann Road	Southeast cornet of John King Boulevard and Hays Lane	North of FM-550 and west of existing Pullen Road
City	McLendon-Chisholm	McLendon-Chisholm ETJ	Rockwall	McLendon Chisholm
County	Rockwall	Kaufman	Rockwall	Rockwall
State	Texas	TX	TX	TX
Sale Date		Oct-25	Mar-26	Jul-26
Sale Status		Closed	In-Contract	In-Contract
Sale Price		$126,000	$155,000	$110,000
Square Feet	7,200	7,800	7,750	6,000
Number of Front Footages	60	60	62	50
Price per Front Footage		**$2,100**	**$2,500**	**$2,200**
Transactional Adjustments				
Property Rights		Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–
Financing Terms		Cash to seller	Cash to seller	Cash to seller
% Adjustment		–	–	–
Conditions of Sale				
% Adjustment		–	–	–
Expenditures Made Immediately After Purchase				
$ Adjustment		–	–	–
Market Conditions	5/1/2027	Oct-25	Mar-26	Jul-26
Annual % Adjustment	6%	9%	7%	5%
Cumulative Adjusted Price		**$2,289**	**$2,675**	**$2,310**
Property Adjustments				
Location		–	-15%	–
Access/Exposure		–	–	–
Size		–	–	–
Shape and Topography		–	–	–
Zoning		–	–	–
Net Property Adjustments ($)		$0	-$401	$0
Net Property Adjustments (%)		0%	-15%	0%
Final Adjusted Price		**$2,289**	**$2,274**	**$2,310**

Range of Adjusted Prices	**$2,274 - $2,310**
Average	**$2,291**
Indicated Value	**$2,300**

Land Value Conclusion – 60' Lots

Prior to adjustments, the sales reflect a range of $2,100 - $2,500 per front footage. After adjustment, the range is narrowed to $2,274 - $2,310 per front footage, with an average of $2,291 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Front Footage	$2,300
Subject Front Footages	60
Indicated Value	$138,000
Rounded	$138,000

65' Lots (65’ x 120’ = 7,800 SF)

To apply the sales comparison approach to the 65' Lots, the research focused on transactions within the following parameters:

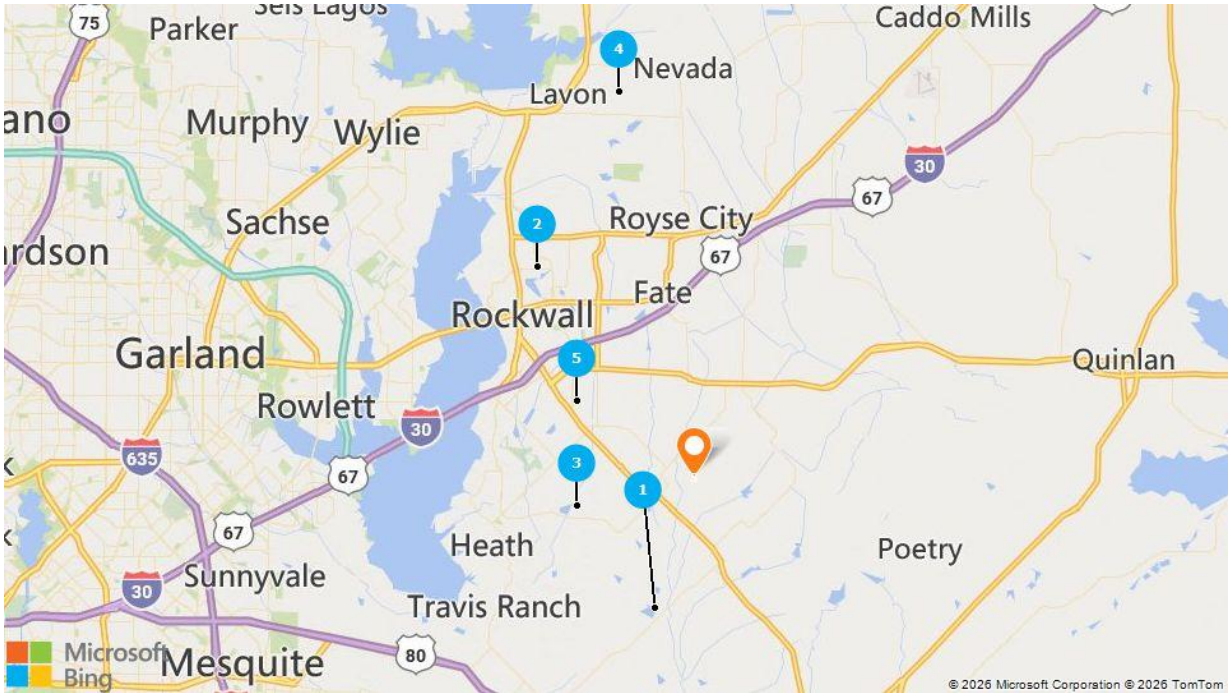
- Location: Immediate or Similar Market Area
- Size: 50’ to 82’ Lot Width
- Use: Residential
- Transaction Date: Past 15 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 65' Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage	Zoning	$/Front Footage	$/SF Land
1	Meraki, Phase 1A & 1B - 60' Lots West side of Meraki Parkway, northeast of Mann Road McLendon-Chisholm ETJ Kaufman County TX	Oct-25 Closed	$126,000	7,800 0.18	60	Kaufman	$2,100	$16.15
	Comments: Meraki is a 1,100-acre master-planned community offering an on-site Forney ISD elementary school, amenity centers, 300 acres of green space, and lakes. The development is in the Forney ISD.							
2	Quail Hollow, Phase 2 - 62' Southeast cornet of John King Boulevard and Hays Lane Rockwall Rockwall County TX	Mar-26 In-Contract	$155,000	7,750 0.18	62	PD - 97	$2,500	$20.00
	Comments: This lot is located in a multiphase subdivision in the Rockwall ISD.							
3	Horizon Lakes - 50' Lots North of FM-550 and west of existing Pullen Road McLendon Chisholm Rockwall County TX	Jul-26 In-Contract	$110,000	6,000 0.14	50	Development Agreement	$2,200	$18.33
	Comments: These lots are located within the city limits of McLendon Chisholm in Rockwall ISD and are part of the Horizons Lake development. The seller put in all the major infrastructure including utilities and abutting roadways.							
4	Elevon, Phase 2F - 70' Lots Northeast corner of Elevon Parkway and Dewy Lake Place Lavon Collin County TX	Mar-26 In-Contract	$140,000	9,100 0.21	70	PD	$2,000	$15.38
	Comments: This development under construction is located in the Elevon Public Improvement District and is within the Community ISD.							
5	Juniper, Phase 1 - 82' Lots East side of S. John King Boulevard at Coolwood Lane Rockwall Rockwall County TX	Jan-27 In-Contract	$180,400	10,250 0.24	82	PD 103 - Planned Development	$2,200	$17.60
	Comments: Lots in this development are located in the Rockwall ISD.							
	Subject Sonoma Verde North Public Improvement McLendon-Chisholm, TX			7,800 0.18	65	Development Agreement		

Comparable Land Sales Map – 65' Lots





Sale 1
Meraki, Phase 1A & 1B - 60' Lots



Sale 2
Quail Hollow, Phase 2 - 62'



Sale 3
Horizon Lakes - 50' Lots



Sale 4
Elevon, Phase 2F - 70' Lots



Sale 5
Juniper, Phase 1 - 82' Lots

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 6% through the date of valuation. The sales took place or will take place from October 2025 to January 2027. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1, 3, 4 and 5 are similar to the subject. No adjustments are necessary. Sale 2 is adjusted downward for superior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of Development Agreement - Residential.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 65' Lots						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Sonoma Verde North Public Improvement District (PID), Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)	Meraki, Phase 1A & 1B - 60' Lots	Quail Hollow, Phase 2 - 62'	Horizon Lakes - 50' Lots	Elevon, Phase 2F - 70' Lots	Juniper, Phase 1 - 82' Lots
Address	East quadrant of Edwards Road East/West and Edwards Road North/South	West side of Meraki Parkway, northeast of Mann Road	Southeast cornet of John King Boulevard and Hays Lane	North of FM-550 and west of existing Pullen Road	Northeast corner of Elevon Parkway and Dewy Lake Place	East side of S. John King Boulevard at Coolwood Lane
City	McLendon-Chisholm	McLendon-Chisholm ETJ	Rockwall	McLendon Chisholm	Lavon	Rockwall
County	Rockwall	Kaufman	Rockwall	Rockwall	Collin	Rockwall
State	Texas	TX	TX	TX	TX	TX
Sale Date		Oct-25	Mar-26	Jul-26	Mar-26	Jan-27
Sale Status		Closed	In-Contract	In-Contract	In-Contract	In-Contract
Sale Price		$126,000	$155,000	$110,000	$140,000	$180,400
Square Feet	7,800	7,800	7,750	6,000	9,100	10,250
Number of Front Footages	65	60	62	50	70	82
Price per Front Footage		**$2,100**	**$2,500**	**$2,200**	**$2,000**	**$2,200**
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–	–	–
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		–	–	–	–	–
Conditions of Sale						
% Adjustment		–	–	–	–	–
Expenditures Made Immediately After Purchase						
$ Adjustment		–	–	–	–	–
Market Conditions	8/1/2027	Oct-25	Mar-26	Jul-26	Mar-26	Jan-27
Annual % Adjustment	6%	11%	8%	6%	8%	3%
Cumulative Adjusted Price		**$2,331**	**$2,700**	**$2,332**	**$2,160**	**$2,266**
Property Adjustments						
Location		–	-15%	–	–	–
Access/Exposure		–	–	–	–	–
Size		–	–	–	–	–
Shape and Topography		–	–	–	–	–
Zoning		–	–	–	–	–
Net Property Adjustments ($)		$0	-$405	$0	$0	$0
Net Property Adjustments (%)		0%	-15%	0%	0%	0%
Final Adjusted Price		**$2,331**	**$2,295**	**$2,332**	**$2,160**	**$2,266**

Range of Adjusted Prices	**$2,160 - $2,332**
Average	**$2,277**
Indicated Value	**$2,300**

Land Value Conclusion – 65' Lots

Prior to adjustments, the sales reflect a range of $2,000 - $2,500 per front footage. After adjustment, the range is narrowed to $2,160 - $2,332 per front footage, with an average of $2,277 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Front Footage	$2,300
Subject Front Footages	65
Indicated Value	$149,500
Rounded	$149,500

Summary of Land Values

Based upon this analysis, the individual values are summarized as follows:

Summary of Land Values

Parcel	Front Footages	Indicated Value per Front Footage	Indicated Value
50' Lots	50	$2,300	$115,000
60' Lots	60	$2,300	$138,000
65' Lots	65	$2,300	$149,500

Cumulative Retail Lot Value – Phases 1A/1B (Zone A IA#1)

Following is the calculation for the total cumulative retail lot value for the subject's 235 proposed lots within Phases 1A/1B.

Cumulative Retail Lot Value Calculation - Phases 1A/1B

Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
167	50	$115,000	$2,300	$19,205,000
68	65	$149,500	$2,300	$10,166,000
235		**$124,983**		**$29,371,000**

As shown, the total cumulative retail lot value equates to $29,371,000 or $124,983/lot average.

Cumulative Retail Lot Value – Phases 4A/4B (Zone B IA#1)

Following is the calculation for the total cumulative retail lot value for the subject's 122 proposed lots within Phases 4A/4B.

Cumulative Retail Lot Value Calculation - Phases 4A/4B

Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
121	60	$138,000	$2,300	$16,698,000

As shown, the total cumulative retail lot value equates to $16,698,000 or $138,000/lot average.

It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.

Reconciliation and Conclusion of Values

As discussed previously, only the sales comparison approach is used to develop an opinion of value for the subject. The cost and income approaches are not applicable and are not used.

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusions*

Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Cumulative Retail Market Value As Completed (Zone A IA#1)	Fee Simple	August 1, 2027	$29,371,000
Prospective Cumulative Retail Market Value As Completed (Zone B IA#1)	Fee Simple	May 1, 2027	$16,698,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption 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.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Kimley-Horn (engineering/surveyors), Pulte Homes (developer), DRP TX 6, LLC and Pulte Homes of Texas, LP (owners), the city of McLendon-Chisholm, and the Rockwall Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, 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 events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 1, 2027 and August 1, 2027, the effective appraisal dates.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land -proposed subdivision market, the probable exposure time for the subject at the concluded market values stated previously is 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. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 6 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ernest Gatewood has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.





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Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The 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 property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the 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 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.

This appraisal and any other work product related to this engagement are 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 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 property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection 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.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the 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 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 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 appraised 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 premises 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 values 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 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 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. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra 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 property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. We are not a building or environmental inspector. The Integra Parties do 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 assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**

25. IRR - Dallas 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).

26. 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. The Integra Parties are 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 this property.

27. 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, and 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 with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption 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.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Kimley-Horn (engineering/surveyors), Pulte Homes (developer), DRP TX 6, LLC and Pulte Homes of Texas, LP (owners), the city of McLendon-Chisholm, and the Rockwall Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, 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 events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 1, 2027 and August 1, 2027, the effective appraisal dates.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI



Experience

Senior Managing Director with the Dallas and Lubbock, Texas offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 40 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than $50 million in direct research and assisted and helped leverage more than $500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.

Integra Realty Resources - Dallas

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6309 Indiana Avenue
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Jimmy H. Jackson, MAI

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Experience (Cont'd)

Basic Core Real Estate Appraisal Services
Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of all property types including the following:

Residential
High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land
Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail
Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

Jimmy H. Jackson, MAI

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Integra Realty Resources - Lubbock

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Lubbock, TX 79413

T 806.656.3058

Experience (Cont'd)

Industrial
Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose
Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, 1324004-CG, Expires November 2026
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2027
Louisiana, Certified General Real Estate Appraiser, APR.05151 CGA, Expires December 2026

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

jhjackson@irr.com - 972.725.7724



TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: JIMMY HUEL JACKSON

License #: 1324004-CG **License Expires: 11/30/2026**

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

Ernest Gatewood



1100 Mira Vista Boulevard
Plano, TX 75093

T 972.881.7191
F 972.733.1403

irr.com

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355-CG, Expires December 2026
Texas, Licensed Real Estate Salesman, 277705, Expires December 2027

Education

Richland Junior College, Dallas, Texas
The University of North Texas, Denton, Texas

Miscellaneous

An Associate Member of the Appraisal Institute

egatewood@irr.com - 972.725.7755



TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: ERNEST ELVA GATEWOOD

License #: 1324355-CG **License Expires: 12/31/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Executive Director

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement
In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive
The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motived by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

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.

Floor Area Ratio (FAR)
The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time
An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value
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:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

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 value 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.

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 value 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.”

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D

Property Information

Tax Data

PID 10049 | WALLACE RD

Property Summary Report | 2026
Online Services | Rockwall Central Appraisal District

GENERAL INFO

ACCOUNT

Property ID:	10049
Geographic ID:	0007-0000-0002-00-0R
Type:	R
Zoning:	
Agent:	GEORGE BALDWIN
Legal Description:	A0007 F BAUGESS, TRACT 2, ACRES 171.9
Property Use:	D1

LOCATION

Address:	WALLACE RD, TX
Market Area:	
Market Area CD:	N3792-2017
Map ID:	5-8

PROTEST

Protest Status:	
Informal Date:	
Formal Date:	

OWNER

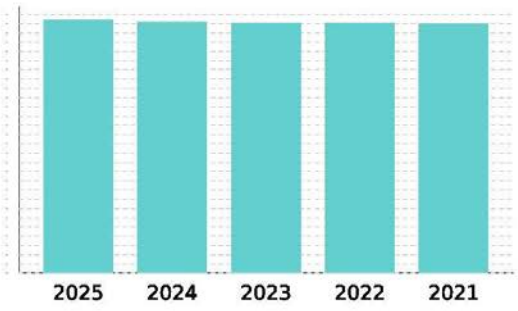
Name:	SLOAN SUE H TRUSTEE
Secondary Name:	TRUSTEE OF MULTIPLE TRUSTS
Mailing Address:	2300 OLYMPIA DR # 271680 FLOWER MOUND TX US 75027
Owner ID:	1061345
% Ownership:	100.000000
Exemptions:	

VALUES

CURRENT VALUES

Land Homesite:	N/A
Land Non-Homesite:	N/A
Special Use Land Market:	N/A
Total Land:	N/A
Improvement Homesite:	N/A
Improvement Non-Homesite:	N/A
Total Improvement:	N/A
Market:	N/A
Special Use Exclusion (-):	N/A
Appraised:	N/A
Value Limitation Adjustment (-):	N/A
Net Appraised:	N/A

VALUE HISTORY



VALUE HISTORY

Year	Land Market	Improvement	Special Use Exclusion	Appraised	Value Limitation Adj (-)	Net Appraised
2025	$2,681,640	$0	$2,654,188	$27,452	$0	$27,452
2024	$2,664,450	$0	$2,637,238	$27,212	$0	$27,212
2023	$2,836,350	$0	$2,809,224	$27,126	$0	$27,126
2022	$2,707,430	$0	$2,680,340	$27,090	$0	$27,090
2021	$1,375,200	$0	$1,348,140	$27,060	$0	$27,060

Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)

TAXING UNITS

Unit	Description	Tax Rate	Net Appraised	Taxable Value
GRW	ROCKWALL COUNTY	N/A	N/A	N/A
SRC	ROYSE CITY ISD	N/A	N/A	N/A

DO NOT PAY FROM THIS ESTIMATE. This is only an estimate provided for informational purposes and may not include any special assessments that may also be collected. Please contact the tax office for actual amounts.

IMPROVEMENT

LAND

Land	Description	Acres	SQFT	Cost per SQFT	Market Value	Special Use Value
DC	DRY CROP	89.9000	3,916,044	$0.36	N/A	N/A
E3	FARM & RANCH NON HS	82.0000	3,571,920	$0.36	N/A	N/A

DEED HISTORY

Deed Date	Type	Description	Grantor/Seller	Grantee/Buyer	Book ID	Volume	Page	Instrument
12/31/12	WD	WARRANTY DEED	SLOAN SUE H	SLOAN SUE H TRUSTEE		7054	155	480265
12/31/12	WD	WARRANTY DEED	ROBERTS MATTHEW C III	SLOAN SUE H		7054	149	480264
10/20/10	WILL	WILL PROBATE	ROBERTS MATTHEW C III	ROBERTS MATTHEW C III		2040/PROBATED	721/WILL	601509/90-547-P3
4/3/95	WD	WARRANTY DEED	ROBERTS SUE H	ROBERTS MATTHEW C III		994	150	0
3/9/92	WD	WARRANTY DEED	ROBERTS MATTHEW C III	ROBERTS SUE H		675	143	0

PID 10076 | EDWARDS RD

Property Summary Report | 2026
Online Services | Rockwall Central Appraisal District

GENERAL INFO

ACCOUNT

Property ID:	10076
Geographic ID:	0007-0000-0002-01-0R
Type:	R
Zoning:	
Agent:	GEORGE BALDWIN
Legal Description:	A0007 F BAUGESS, TRACT 2-1, ACRES 145, (PT OF 316.9 AC TR)
Property Use:	E3

LOCATION

Address:	EDWARDS RD, TX
Market Area:	
Market Area CD:	N3792-2017
Map ID:	5-8

PROTEST

Protest Status:	
Informal Date:	
Formal Date:	

OWNER

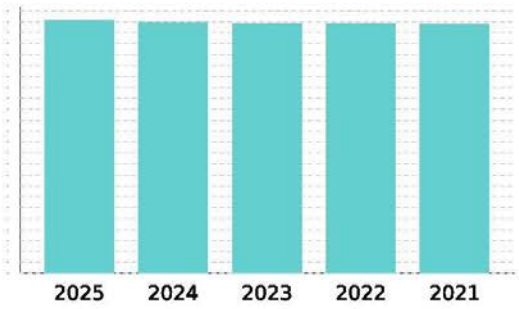
Name:	SLOAN SUE H TRUSTEE
Secondary Name:	TRUSTEE OF MULTIPLE TRUSTS
Mailing Address:	2300 OLYMPIA DR # 271680 FLOWER MOUND TX US 75027
Owner ID:	1061345
% Ownership:	100.000000
Exemptions:	

VALUES

CURRENT VALUES

Land Homesite:	N/A
Land Non-Homesite:	N/A
Special Use Land Market:	N/A
Total Land:	N/A
Improvement Homesite:	N/A
Improvement Non-Homesite:	N/A
Total Improvement:	N/A
Market:	N/A
Special Use Exclusion (-):	N/A
Appraised:	N/A
Value Limitation Adjustment (-):	N/A
Net Appraised:	N/A

VALUE HISTORY



VALUE HISTORY

Year	Land Market	Improvement	Special Use Exclusion	Appraised	Value Limitation Adj (-)	Net Appraised
2025	$2,262,000	$0	$2,238,843	$23,157	$0	$23,157
2024	$2,247,501	$0	$2,224,548	$22,953	$0	$22,953
2023	$2,392,501	$0	$2,369,620	$22,881	$0	$22,881
2022	$2,283,750	$0	$2,260,900	$22,850	$0	$22,850
2021	$1,160,000	$0	$1,137,180	$22,820	$0	$22,820

TAXING UNITS

Unit	Description	Tax Rate	Net Appraised	Taxable Value
GRW	ROCKWALL COUNTY	N/A	N/A	N/A
SRW	ROCKWALL ISD	N/A	N/A	N/A
CMC	CITY OF MCLENDON-CHISHOLM	N/A	N/A	N/A

DO NOT PAY FROM THIS ESTIMATE. This is only an estimate provided for informational purposes and may not include any special assessments that may also be collected. Please contact the tax office for actual amounts.

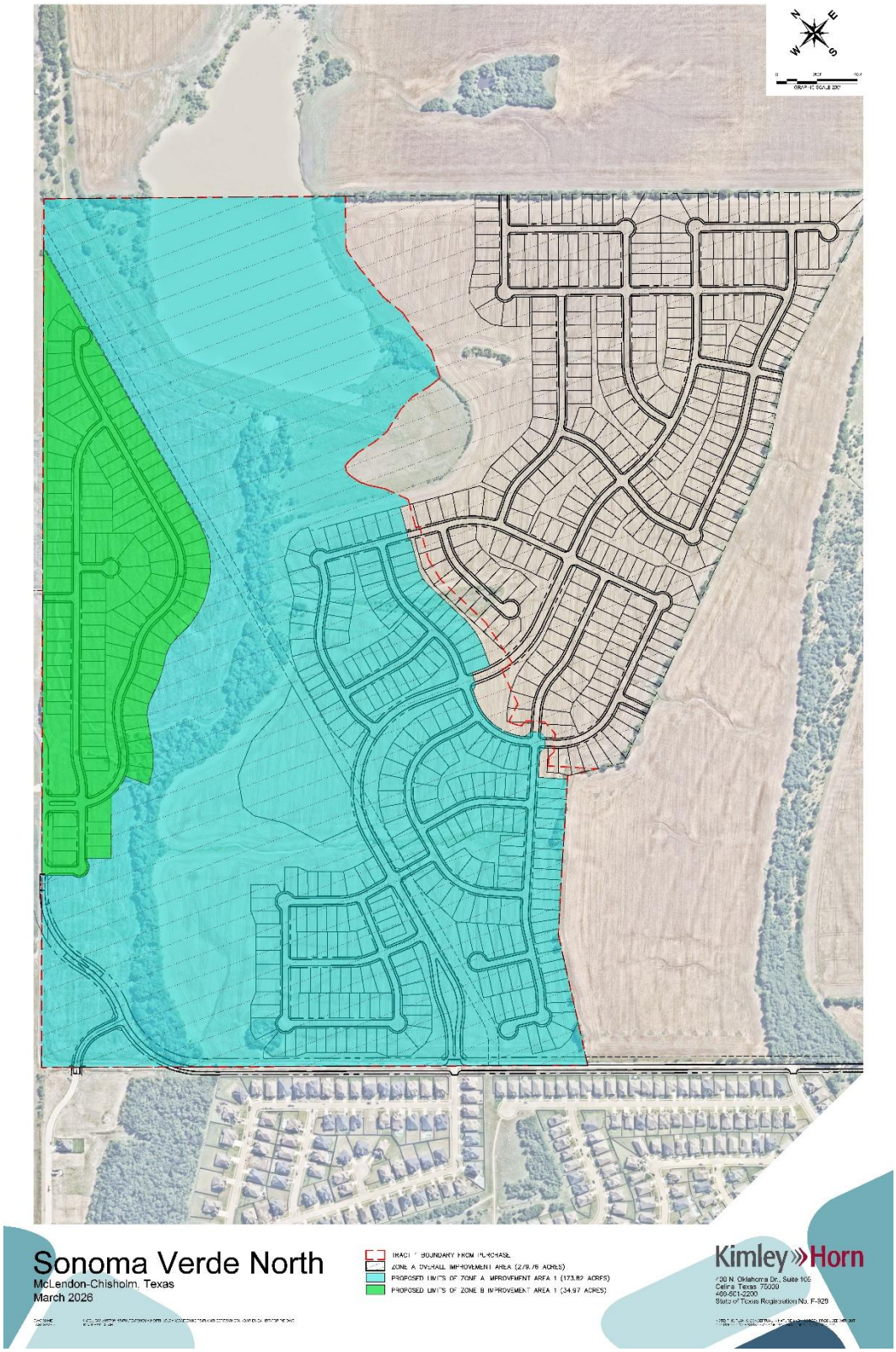
IMPROVEMENT

LAND

Land	Description	Acres	SQFT	Cost per SQFT	Market Value	Special Use Value
E4	NON AG LAND	141.6630	6,170,840	$0.36	N/A	N/A
E4	NON AG LAND	3.3370	145,359.7	$0.36	N/A	N/A

DEED HISTORY

Deed Date	Type	Description	Grantor/Seller	Grantee/Buyer	Book ID	Volume	Page	Instrument
12/31/12	WD	WARRANTY DEED	SLOAN SUE H	SLOAN SUE H TRUSTEE		7054	155	480265
12/31/12	WD	WARRANTY DEED	ROBERTS MATTHEW C III	SLOAN SUE H		7054	149	480264
10/20/10	WILL	WILL PROBATE	ROBERTS MATTHEW C III	ROBERTS MATTHEW C III		2040/PROBATED	721/WILL	601509/90-547-P3
4/3/95	WD	WARRANTY DEED	ROBERTS SUE H	ROBERTS MATTHEW C III		994	150	0
3/9/92	WD	WARRANTY DEED	ROBERTS MATTHEW C III	ROBERTS SUE H		675	143	0
	OT		ROBERTS MATTHEW C III	ROBERTS MATTHEW C III				0



Zone A Improvement Area #1 (AIA#1) and Zone B Improvement Area #1 (BIA#1)

Legal Description - Zone A Overall Improvement Area 1

BEING a tract of land situated in the Franklin Bauguss Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being all of the called 102.713 acre tract of land described in deed to Sloan 108 Land Investors, LLC as recorded in Document No. 20250000011434, Official Public Records of Rockwall County, Texas (O.P.R.R.C.T.), and a portion of a called 212.013 acre tract of land described in deed to Pulte Homes of Texas, L.P. as recorded in Document No. 20250000011591, O.P.R.R.C.T., also being all of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093 O.P.R.R.C.T., and being further described as follows:

BEGINNING at a mag-nail found at the southernmost corner of said 212.013 acre and 164.377 acre tract and at the westernmost corner of a called 641.6711 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000030685, O.P.R.R.C.T., in Edwards Road (a variable width right-of-way);

THENCE North 45°44'37" West, with the southwest line of said 212.013 acre and said 164.377 acre tract and along Edwards Road, a distance of 2,700.80 feet to a 5/8" iron rod with plastic cap stamped "KHA" found for corner in the southeast line of a called 333.01 acre tract of land described in the deed to Maria A. Pratt, recorded in Volume 1201, Page 125, O.P.R.R.C.T., at the westernmost corner of said 212.013 acre tract and at the northernmost corner of a called 249.214 acre tract of land described in the deed to Land Solutions SV, LLC, recorded in Document No. 20180000014913, O.P.R.R.C.T.;

THENCE North 44°36'47" East, with the north line of said 212.013 acre tract, and along said Edwards Road, and with the southeast line of a called 12.39 acre tract of land described in the deed to Steven and Megin Danna, Peter Danna and Kenneth Pearce, recorded in Volume 3282, Page 270, O.P.R.R.C.T., the southeast line of a called 40.00 acre tract of land described in the deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T., a distance of 951.48 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

South 45°22'19" East, a distance of 152.76 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of North 89°37'41" East, 98.99 feet;

With said non-tangent curve to the left, an arc distance of 142.89 feet to a point for corner;

North 44°37'41" East, a distance of 13.78 feet to a point for corner;

South 45°22'19" East, a distance of 120.00 feet to a point for corner;

North 44°37'41" East, a distance of 307.63 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of North 79°25'52" East, 120.90 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 122.11 feet to a point for corner in the northwesterly line of said 164.377 acre tract;

THENCE with said northwesterly line and the southeasterly lines of a tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P., as recorded in Document No. 20260000009931, O.P.R.R.C.T., the following bearings and distances:

South 24°33'40" East, a distance of 122.97 feet to a point for corner;

North 59°02'10" East, a distance of 82.95 feet to a point for corner;

North 46°18'14" East, a distance of 82.71 feet to a point for corner;

North 34°04'48" East, a distance of 130.46 feet to a point for corner;

North 35°26'35" East, a distance of 57.16 feet to a point for corner;

North 53°09'56" East, a distance of 52.29 feet to a point for corner;

North 67°25'45" East, a distance of 56.04 feet to a point for corner;

North 70°24'57" East, a distance of 19.72 feet to a point for corner;

North 73°04'06" East, a distance of 37.57 feet to a point for corner;

North 63°06'13" East, a distance of 77.92 feet to a point for corner;

North 53°08'21" East, a distance of 23.59 feet to a point for corner;

North 56°48'01" East, a distance of 47.37 feet to a point for corner;

North 68°51'36" East, a distance of 23.32 feet to a point for corner;

North 84°23'13" East, a distance of 141.21 feet to a point for corner;

South 89°42'21" East, a distance of 16.17 feet to a point for corner;

North 80°19'26" East, a distance of 77.59 feet to a point for corner;

North 70°21'41" East, a distance of 77.59 feet to a point for corner;

North 60°23'49" East, a distance of 77.59 feet to a point for corner;

North 50°25'57" East, a distance of 77.59 feet to a point for corner;

North 40°28'05" East, a distance of 77.59 feet to a point for corner;

North 30°30'13" East, a distance of 77.59 feet to a point for corner;

North 20°32'20" East, a distance of 70.72 feet to a point for corner;

North 14°58'42" East, a distance of 15.16 feet to a point for corner;

North 22°36'35" East, a distance of 8.52 feet to a point for corner;

North 00°00'07" West, a distance of 4.38 feet to a point for corner;

North 15°08'14" East, a distance of 1,549.60 feet to a point in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01 acre tract of land described in deed to B&F and Son 3 LP as recorded in Volume 1451, Page 100, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast line of said 26.01 acre tract, a distance of 234.66 feet to a 1/2-inch iron rod found at the north corner of said 212.013 acre tract and the west corner of a called 1225.721 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000003529, O.P.R.R.C.T.;

THENCE South 46°01'04" East, with the northeast line of both said 212.013 acre tract and the 102.713-acre tract and the southwest line of both said 1225.721 acre tract and a called 5.000 acre tract of land described in deed to Joshua A. Bethke as recorded in Document No. 20240000019997, O.P.R.R.C.T., a distance of 4,129.87 feet to a point for corner at the east corner of said 102.713 acre tract and the northernmost corner of said 641.6711-acre tract;

THENCE with the common line of said 102.713 acre tract, 212.013 acre tract and said 641.6711 acre tract, the following courses:

South 72°33'32" West, a distance of 991.29 feet to a 5/8-inch iron rod found for corner;

South 56°10'31" West, a distance of 469.91 feet to a 5/8-inch iron rod found with plastic cap stamped "PELETON" found for corner;

South 69°41'38" West, a distance of 959.85 feet to a 5/8-inch iron rod found with plastic cap stamped "PELETON" found for corner;

South 69°45'40" West, a distance of 686.39 feet to a cross tie fence post for corner;

North 58°21'47" West, a distance of 282.59 feet to a 5/8-inch iron rod found with plastic cap stamped “PELETON”;

South 48°02'26" West, a distance of 401.54 feet to a 1/2-inch iron rod found for corner;

South 47°44'21" West, a distance of 385.24 feet to a 3/8-inch iron rod found for corner;

South 31°45'56" West, a distance of 664.19 feet to the **POINT OF BEGINNING** and containing 12,182,091 square feet or 279.662 acres of land.

Legal Description - Zone A Improvement Area 1 (Phase 1A1B)

BEING a tract of land situated in the Franklin BAUGUSS Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being a portion of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093 Official Public Records, Rockwall County, Texas (O.P.R.R.C.T.), and a portion of a called 212.013 acre tract of land conveyed to Pulte Homes of Texas L.P., recorded in Document No. 20250000011591 O.P.R.R.C.T., and being more particularly described as follows:

BEGINNING at a mag-nail found at the southernmost corner of said 212.013 acre and 164.377 acre tract and at the westernmost corner of a called 641.6711 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000030685, O.P.R.R.C.T., in Edwards Road (a variable width right-of-way);

THENCE North 45°44'37" West, with the southwest line of said 212.013 acre and 164.377 acre tract and along Edwards Road, a distance of 2,700.80 feet to a 5/8" iron rod with plastic cap stamped "KHA" found for corner in the southeast line of a called 333.01 acre tract of land described in the deed to Maria A. Pratt, recorded in Volume 1201, Page 125, O.P.R.R.C.T., at the westernmost corner of said 212.013 acre tract and at the northernmost corner of a called 249.214 acre tract of land described in the deed to Land Solutions SV, LLC, recorded in Document No. 20180000014913, O.P.R.R.C.T.;

THENCE North 44°36'47" East, with the north line of said 212.013 acre tract, and along said Edwards Road, and with the southeast line of a called 12.39 acre tract of land described in the deed to Steven and Megin Danna, Peter Danna and Kenneth Pearce, recorded in Volume 3282, Page 270, O.P.R.R.C.T., the southeast line of a called 40.00 acre tract of land described in the deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T. a distance of 951.48 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

South 45°22'19" East, a distance of 152.76 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of North 89°37'41" East, 98.99 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 142.89 feet to a point for corner;

North 44°37'41" East, a distance of 13.78 feet to a point for corner;

South 45°22'19" East, a distance of 120.00 feet to a point for corner;

North 44°37'41" East, a distance of 307.63 feet to a point for corner at the beginning of a non-tangent curve to the left with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of North 79°25'52" East, 120.90 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 122.11 feet to a point for corner in the northwesterly line of said 164.377 acre tract;

THENCE with said northwesterly line, and the southeasterly lines of a tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P., as recorded in Document No. 20260000009931, O.P.R.R.C.T., the following bearings and distances:

South 24°33'40" East, a distance of 122.97 feet to a point for corner;

North 59°02'10" East, a distance of 82.95 feet to a point for corner;

North 46°18'14" East, a distance of 82.71 feet to a point for corner;

North 34°04'48" East, a distance of 130.46 feet to a point for corner;

North 35°26'35" East, a distance of 57.16 feet to a point for corner;

North 53°09'56" East, a distance of 52.29 feet to a point for corner;

North 67°25'45" East, a distance of 56.04 feet to a point for corner;

North 70°24'57" East, a distance of 19.72 feet to a point for corner;

North 73°04'06" East, a distance of 37.57 feet to a point for corner;

North 63°06'13" East, a distance of 77.92 feet to a point for corner;

North 53°08'21" East, a distance of 23.59 feet to a point for corner;

North 56°48'01" East, a distance of 47.37 feet to a point for corner;

North 68°51'36" East, a distance of 23.32 feet to a point for corner;

North 84°23'13" East, a distance of 141.21 feet to a point for corner;

South 89°42'21" East, a distance of 16.17 feet to a point for corner;

North 80°19'26" East, a distance of 77.59 feet to a point for corner;

North 70°21'41" East, a distance of 77.59 feet to a point for corner;

North 60°23'49" East, a distance of 77.59 feet to a point for corner;

North 50°25'57" East, a distance of 77.59 feet to a point for corner;

North 40°28'05" East, a distance of 77.59 feet to a point for corner;

North 30°30'13" East, a distance of 77.59 feet to a point for corner;

North 20°32'20" East, a distance of 70.72 feet to a point for corner;

North 14°58'42" East, a distance of 15.16 feet to a point for corner;

North 22°36'35" East, a distance of 8.52 feet to a point for corner;

North 00°00'07" West, a distance of 4.38 feet to a point for corner;

North 15°08'14" East, a distance of 1,549.60 feet to a point for corner in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01-acre tract of land described in deed to B&F and Son 3 LP as recorded in Volume 1451, Page 100, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast line of said 26.01 acre tract, a distance of 234.66 feet to a 1/2-inch iron rod found at the north corner of said 212.013 acre tract and the west corner of a called 1225.721 acre tract of land described in deed to DMDS Land Company, LLC as recorded in Document No. 20200000003529, O.P.R.R.C.T.;

THENCE South 46°01'04" East, with the northeast line of said 212.013 acre tract and the southwest line of said 1225.721 acre tract and a called 5.000 acre tract of land described in deed to Joshua A. Bethke as recorded in Document No. 20240000019997, O.P.R.R.C.T., a distance of 1,490.77 feet to a 5/8-inch iron rod set capped (stamped "KHA") for the most east corner of said 212.013 acre tract and the north corner of a called 102.713 acre tract of land described in deed to Sloan 108 Land Investors, LLC as recorded in Document No. 20250000011434, O.P.R.R.C.T.;

THENCE with the common line of said 212.013 acre tract and said 102.713 acre tract, the following courses:

South 44°01'28" West, a distance of 241.91 feet to a point for corner;

South 32°58'43" West, a distance of 26.47 feet to a point for corner;

South 09°01'42" West, a distance of 104.54 feet to a point for corner;

South 05°05'09" West, a distance of 188.74 feet to a point for corner;

South 06°52'50" East, a distance of 120.51 feet to a point for corner;

South 09°39'50" West, a distance of 140.38 feet to a point for corner;

South 02°55'04" West, a distance of 91.69 feet to a point for corner;

South 26°04'29" West, a distance of 147.06 feet to a point for corner;

North 83°43'52" West, a distance of 69.55 feet to a point for corner;

North 77°45'04" West, a distance of 103.00 feet to a point for corner;

South 87°07'47" West, a distance of 78.40 feet to a point for corner;

South 76°23'13" West, a distance of 130.98 feet to a point for corner;

North 84°52'34" West, a distance of 78.93 feet to a point for corner;

North 78°34'13" West, a distance of 99.04 feet to a point for corner;

South 89°56'01" West, a distance of 63.22 feet to a point for corner;

South 85°15'06" West, a distance of 26.16 feet to a point for corner;

South 31°02'36" West, a distance of 30.28 feet to a point for corner;

South 03°30'46" West, a distance of 23.45 feet to a point for corner;

South 11°23'05" East, a distance of 58.40 feet to a point for corner;

South 26°38'59" East, a distance of 56.86 feet to a point for corner;

South 33°58'28" East, a distance of 73.49 feet to a point for corner;

South 20°42'23" East, a distance of 127.12 feet to a point for corner;

South 29°38'12" West, a distance of 25.92 feet to a point for corner;

THENCE over and across said 212.013 acre tract, the following courses:

North 60°25'59" West, a distance of 48.98 feet to a point for corner;

South 29°34'01" West, a distance of 170.00 feet to a point for corner;

South 60°25'59" East, a distance of 9.73 feet to a point for corner;

South 29°34'01" West, a distance of 159.13 feet to a point for corner;

South 18°49'49" West, a distance of 43.86 feet to a point for corner;

South 02°50'15" West, a distance of 45.11 feet to a point for corner;

South 02°11'16" East, a distance of 258.29 feet to a point for corner;

South 06°13'34" West, a distance of 64.83 feet to a point for corner;

South 14°55'35" West, a distance of 64.86 feet to a point for corner;

South 24°23'47" West, a distance of 118.30 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 470.00 feet, a central angle of 06°22'01", and a chord bearing and distance of North 68°47'14" West, 52.20 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 52.23 feet to a point for corner;

North 65°36'13" West, a distance of 43.88 feet to a point for corner;

South 24°23'47" West, a distance of 60.00 feet to a point for corner;

South 69°23'47" West, a distance of 35.36 feet to a point for corner;

South 24°23'47" West, a distance of 48.43 feet to a point for corner at the beginning of a tangent curve to the left with a radius of 275.00 feet, a central angle of 66°36'05", and a chord bearing and distance of South 08°54'15" East, 301.97 feet;

In a southerly direction, with said tangent curve to the left, an arc distance of 319.66 feet to a point for corner;

South 86°29'57" East, a distance of 35.80 feet to a point for corner;

South 42°12'18" East, a distance of 50.00 feet to a point for corner;

South 02°47'42" West, a distance of 35.36 feet to a point for corner;

South 47°47'42" West, a distance of 50.00 feet to a point for corner;

North 87°12'18" West, a distance of 35.36 feet to a point for corner;

South 47°47'42" West, a distance of 123.14 feet to a point for corner;

South 42°12'18" East, a distance of 145.36 feet to a point for corner in a southeast line of said 212.013 acre tract and a northwest line of said 641.6711 acre tract, from which a 5/8-inch iron rod found with plastic cap (stamped “Pelton”) for an inner corner of both said 212.013 acre tract and 641.6711 acre tract, bears North 48°02'26” East, 17.64 feet;

THENCE with the common line of said 212.013 acre tract and said 641.6711 acre tract, the following courses:

South 48°02'26" West, a distance of 383.90 feet to a 1/2-inch iron rod found for corner;

South 47°44'21" West, a distance of 385.24 feet to a 3/8-inch iron rod found for corner;

THENCE South 31°45'56" West, a distance of 664.19 feet to the **POINT OF BEGINNING** and containing 7,567,388 square feet or 173.723 acres of land.

Legal Description - Zone B Improvement Area 1 (Phase 4A4B)

BEING a tract of land situated in the Franklin Bauguss Survey, Abstract No. 7, City of McLendon-Chisholm, Rockwall County, Texas and being a portion of a called 212.013 acre tract of land described in deed to Pulte Homes of Texas, L.P. as recorded in Document No. 20250000011591, Official Public Records of Rockwall County, Texas (O.P.R.R.C.T.), and being all of a called tract of land described as Tract 1, Tract 2, and Tract 3, conveyed to Pulte Homes of Texas, L.P. as recorded in Document No. 20260000009931, and being further described as follows:

BEGINNING at a point in the northwest line of said 212.013 acre tract and the southeast line of a called 26.01 acre tract of land described in deed to B&F and Son 3 LP, as recorded in Volume 1451, Page 100, said O.P.R.R.C.T., same being a northwest line of a called 164.377 acre tract of land conveyed to DRP TX 6, LLC, recorded in Document No. 20250000018093, from which a 1/2-inch iron rod found for the north corner of said 212.013 acre tract bears North 44°38'47" East, a distance of 234.66 feet;

THENCE over and across said 212.013 acre tract, with the northwesterly line of said 164.377 acre tract, also being along the southeasterly lines of said Tract 1, Tract 2, and Tract 3, the following courses:

South 15°08'14" West, a distance of 1,549.60 feet to a point for corner;

South 00°00'07" East, a distance of 4.38 feet to a point for corner;

South 22°36'35" West, a distance of 8.52 feet to a point for corner;

South 14°58'42" West, a distance of 15.16 feet to a point for corner;

South 20°32'20" West, a distance of 70.72 feet to a point for corner;

South 30°30'13" West, a distance of 77.59 feet to a point for corner;

South 40°28'05" West, a distance of 77.59 feet to a point for corner;

South 50°25'57" West, a distance of 77.59 feet to a point for corner;

South 60°23'49" West, a distance of 77.59 feet to a point for corner;

South 70°21'41" West, a distance of 77.59 feet to a point for corner;

South 80°19'26" West, a distance of 77.59 feet to a point for corner;

North 89°42'21" West, a distance of 16.17 feet to a point for corner;

South 84°23'13" West, a distance of 141.21 feet to a point for corner;

South 68°51'36" West, a distance of 23.32 feet to a point for corner;

South 56°48'01" West, a distance of 47.37 feet to a point for corner;

South 53°08'21" West, a distance of 23.59 feet to a point for corner;

South 63°06'13" West, a distance of 77.92 feet to a point for corner;

South 73°04'06" West, a distance of 37.57 feet to a point for corner;

South 70°24'57" West, a distance of 19.72 feet to a point for corner;

South 67°25'45" West, a distance of 56.04 feet to a point for corner;

South 53°09'56" West, a distance of 52.29 feet to a point for corner;

South 35°26'35" West, a distance of 57.16 feet to a point for corner;

South 34°04'48" West, a distance of 130.46 feet to a point for corner;

South 46°18'14" West, a distance of 82.71 feet to a point for corner;

South 59°02'10" West, a distance of 82.95 feet to a point for corner;

North 24°33'40" West, a distance of 122.97 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 250.00 feet, a central angle of 27°59'05", and a chord bearing and distance of South 79°25'52" West, 120.90 feet;

In a westerly direction, leaving said 164.377 acre tract, with said non-tangent curve to the right, an arc distance of 122.11 feet to a point for corner, in said 212.013 acre tract;

THENCE over and across said 212.013 acre tract the following bearings and distances:

South 44°37'41" West, a distance of 307.63 feet to a point for corner;

North 45°22'19" West, a distance of 120.00 feet to a point for corner;

South 44°37'41" West, a distance of 13.78 feet to a point for corner at the beginning of a non-tangent curve to the right with a radius of 50.00 feet, a central angle of 163°44'23", and a chord bearing and distance of South 89°37'41" West, 98.99 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 142.89 feet to a point for corner;

North 45°22'19" West, a distance of 152.76 feet to a point for corner in the northwest line of said 212.013 acre tract and the southeast line of a called 40.00 acre tract of land described in deed to RCH Water Supply Corporation, recorded in Document No. 20240000004465, O.P.R.R.C.T., from which a 5/8-inch iron rod found with plastic cap stamped “KHA” for the west corner of said 212.013 acre tract bears South 44°36'47” West, a distance of 951.48 feet;

THENCE North 44°36'47" East, with the northwest line of said 212.013 acre tract and the southeast lines of said 40.00 acre tract, a called 5.00 acre tract of land described in deed to Samuel G. Hafertepe and Lisa A. Hafertepe, recorded in Document No. 20170000020082, O.P.R.R.C.T., and a called 10.00 acre tract of land described in

deed to Laura Lynn Bjeles, recorded in Document No. 20220000009449, O.P.R.R.C.T., a distance of 1,386.42 feet to a 1/2-inch iron rod found at the east corner of said 10.00 acre tract and the south corner of a called 40.00 acre tract of land described in the deed to Zion Cornerstone, LLC, recorded in Document No. 20250000002003, O.P.R.R.C.T.;

THENCE North 44°38'47" East, with the northwest line of said 212.013 acre tract and the southeast lines of said 40.00 acre tract, a called 10.00 acre tract of land described in the deed to Victoria Purcell, recorded in Volume 5997, Page 176, O.P.R.R.C.T., a called 20.00 acre tract of land described in the deed to S. Mark Olmstead and wife Alyce A. Olmstead, recorded in Volume 1451, Page 100, O.P.R.R.C.T., and the southeast line of said 26.01 acre tract, a distance of 1,722.05 feet to the **POINT OF BEGINNING** and containing 1,527,398 square feet or 35.064 acres of land.

Addendum E

Comparable Data

Land Sales - 50' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name:	Meraki, Phase 1A & 1B - 60' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	West side of Meraki Parkway, northeast of Mann Road
City/State/Zip:	McLendon-Chisholm ETJ, TX 75126
County:	Kaufman
Submarket:	Forney
Market Orientation:	Suburban
Property Location:	2017 Meraki Parkway
IRR Event ID:	3476659



Sale Information

Sale Price:	$126,000
Effective Sale Price:	$126,000
Sale Date:	10/22/2025
Sale Status:	Closed
$/Acre(Gross):	$703,518
$/Land SF(Gross):	$16.15
$/Acre(Usable):	$703,518
$/Land SF(Usable):	$16.15
$/Unit (Potential):	$2,100 /Unit
Grantor/Seller:	Tellus Mann LLC
Grantee/Buyer:	Highland Homes - Dallas LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at $126,000 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	33323
Verified By:	Shelley Sivakumar
Verification Date:	03/18/2026
Confirmation Source:	Highland Homes (Tammy Morrison)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Meraki, Phase 1A & 1B, Block I, Lot 11/Tax ID 244472
Acres(Usable/Gross):	0.18/0.18
Land-SF(Usable/Gross):	7,800/7,800
Usable/Gross Ratio:	1.00
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Desc.:	60' x 130'
Zoning Code:	Kaufman County
Zoning Desc.:	Kaufman County
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Meraki is a 1,100-acre master-planned community offering an on-site Forney ISD elementary school, amenity centers, 300 acres of green space, and lakes. The development is in the Forney ISD.

Comments (Cont'd)

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Chandlers Landing, Phase 4 - 50' Lot
Sub-Property Type:	Residential, Single Family Residence Site
Address:	East side of Ranger Drive, northeast of Yacht Club Drive
City/State/Zip:	Rockwall, TX 75032
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3331476



Sale Information

Sale Price:	$109,000
Effective Sale Price:	$109,000
Sale Date:	01/27/2025
Contract Date:	01/14/2025
Listing Price:	$110,000
Listing Date:	09/12/2024
Sale Status:	Closed
$/Acre(Gross):	$897,858
$/Land SF(Gross):	$20.61
$/Acre(Usable):	$897,858
$/Land SF(Usable):	$20.61
$/Unit (Potential):	$2,422 /Unit
Grantor/Seller:	Ruben and Myda Chapa
Grantee/Buyer:	Justine Marengo-Rowe
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	20250000001584
Verified By:	Ernest Gatewood
Verification Date:	02/18/2025
Confirmation Source:	Myda Chapa (214-264-8238)
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

Chandlers Landing, Phase 4 - 50' Lot

Legal/Tax/Parcel ID:	Lot 22, Block B, Chandlers Landing, Phase 4 / Tax #15009
Acres(Usable/Gross):	0.12/0.12
Land-SF(Usable/Gross):	5,288/5,288
Usable/Gross Ratio:	1.00
No. of Units (Potential):	45
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	45
Frontage Desc.:	40' x 110'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	PD-8 (Planned Development)
Zoning Desc.:	Single Family
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Sale of a single-family lot located in an established subdivision. The lot reportedly has a second floor view of Lake Ray Hubbard. This is a gated neighborhood with 24 hour security. The resort community offers 2 community pools, a restaurant with lake front views, tennis courts, marina, boat ramp, jogging path, stocked ponds for fishing and many greenbelts.

Comments (Cont'd)

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Horizon Lakes - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	North of FM-550 and west of existing Pullen Road
City/State/Zip:	McLendon Chisholm, TX 75032
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3472463



Sale Information

Sale Price:	$110,000
Effective Sale Price:	$110,000
Sale Date:	07/15/2026
Contract Date:	07/27/2024
Sale Status:	In-Contract
$/Acre(Gross):	$798,838
$/Land SF(Gross):	$18.33
$/Acre(Usable):	$798,838
$/Land SF(Usable):	$18.33
$/Unit (Potential):	$2,200 /Unit
Grantor/Seller:	MC Trilogy Texas, LLC
Grantee/Buyer:	Pulte Homes of Texas, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	Bulk purchase of 30 lots
Document Type:	Contract of Sale
Recording No.:	N/A
Verified By:	Ernest Gatewood
Verification Date:	03/09/2026
Confirmation Source:	Tricia Carrillo (Pulte Homes)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Part of Horizon Lakes Pod 3 / Tax # N/A
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,000/6,000
Usable/Gross Ratio:	1.00
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	Development Agreement
Zoning Desc.:	Residential
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

These lots are located within the city limits of McLendon Chisholm in Rockwall ISD and are part of the Horizons Lake development. The seller put in all the major infrastructure including utilities and abutting roadways.

Horizon Lakes - 50' Lots

Land Sales - 60' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name:	Meraki, Phase 1A & 1B - 60' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	West side of Meraki Parkway, northeast of Mann Road
City/State/Zip:	McLendon-Chisholm ETJ, TX 75126
County:	Kaufman
Submarket:	Forney
Market Orientation:	Suburban
Property Location:	2017 Meraki Parkway
IRR Event ID:	3476659



Sale Information

Sale Price:	$126,000
Effective Sale Price:	$126,000
Sale Date:	10/22/2025
Sale Status:	Closed
$/Acre(Gross):	$703,518
$/Land SF(Gross):	$16.15
$/Acre(Usable):	$703,518
$/Land SF(Usable):	$16.15
$/Unit (Potential):	$2,100 /Unit
Grantor/Seller:	Tellus Mann LLC
Grantee/Buyer:	Highland Homes - Dallas LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at $126,000 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	33323
Verified By:	Shelley Sivakumar
Verification Date:	03/18/2026
Confirmation Source:	Highland Homes (Tammy Morrison)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Meraki, Phase 1A & 1B, Block I, Lot 11/Tax ID 244472
Acres(Usable/Gross):	0.18/0.18
Land-SF(Usable/Gross):	7,800/7,800
Usable/Gross Ratio:	1.00
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Desc.:	60' x 130'
Zoning Code:	Kaufman County
Zoning Desc.:	Kaufman County
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Meraki is a 1,100-acre master-planned community offering an on-site Forney ISD elementary school, amenity centers, 300 acres of green space, and lakes. The development is in the Forney ISD.

Comments (Cont'd)

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Quail Hollow, Phase 2 - 62'
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Southeast cornet of John King Boulevard and Hays Lane
City/State/Zip:	Rockwall, TX 75087
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3471629



Sale Information

Sale Price:	$155,000
Effective Sale Price:	$155,000
Sale Date:	03/31/2026
Sale Status:	In-Contract
$/Acre(Gross):	$871,276
$/Land SF(Gross):	$20.00
$/Acre(Usable):	$871,276
$/Land SF(Usable):	$20.00
$/Unit (Potential):	$2,500 /Unit
Grantor/Seller:	Quail Hollow SF LTD
Grantee/Buyer:	Highland Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Contract of Sale
Recording No.:	N/A
Verified By:	Ernest Gatewood
Verification Date:	03/06/2026
Confirmation Source:	Bryan Holland (214-888-8854)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Quail Hollow, Phase 1
Acres(Usable/Gross):	0.18/0.18
Land-SF(Usable/Gross):	7,750/7,750
Usable/Gross Ratio:	1.00
No. of Units (Potential):	62
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	62
Frontage Desc.:	62' x 125'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	PD - 97
Zoning Desc.:	Planned Development - 97
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

This lot is located in a multiphase subdivision in the Rockwall ISD.

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Horizon Lakes - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	North of FM-550 and west of existing Pullen Road
City/State/Zip:	McLendon Chisholm, TX 75032
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3472463



Sale Information

Sale Price:	$110,000
Effective Sale Price:	$110,000
Sale Date:	07/15/2026
Contract Date:	07/27/2024
Sale Status:	In-Contract
$/Acre(Gross):	$798,838
$/Land SF(Gross):	$18.33
$/Acre(Usable):	$798,838
$/Land SF(Usable):	$18.33
$/Unit (Potential):	$2,200 /Unit
Grantor/Seller:	MC Trilogy Texas, LLC
Grantee/Buyer:	Pulte Homes of Texas, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	Bulk purchase of 30 lots
Document Type:	Contract of Sale
Recording No.:	N/A
Verified By:	Ernest Gatewood
Verification Date:	03/09/2026
Confirmation Source:	Tricia Carrillo (Pulte Homes)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Part of Horizon Lakes Pod 3 / Tax # N/A
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,000/6,000
Usable/Gross Ratio:	1.00
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	Development Agreement
Zoning Desc.:	Residential
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

These lots are located within the city limits of McLendon Chisholm in Rockwall ISD and are part of the Horizons Lake development. The seller put in all the major infrastructure including utilities and abutting roadways.

Horizon Lakes - 50' Lots

Land Sales - 65' Lots

Mixed Sources
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