



**WORKSHOP & REGULAR MEETING
OF THE TOWN COUNCIL**

Tuesday, December 7, 2021

6:00 PM

Little Elm Town Hall

100 W Eldorado Parkway, Little Elm, TX 75068

1. **Call to Order Council Workshop at 6:00 p.m.**
 - A. Invocation.
 - B. Pledge to Flags.
 - C. Items to be Withdrawn from Consent Agenda.
 - D. Emergency Items if Posted.
 - E. Request by the Town Council for Items to be Placed on a Future Agenda for Discussion and Recognition of Excused Absences.
 - F. Presentation of Monthly Updates.
 - G. Town Council to Highlight Items on the Agenda Needing Further Discussion or Comments Prior to the Regular Session.

2. **Presentations.**
 - A. Present a **Proclamation Declaring the Month of December 2021 as Christian Heritage Month.**
 - B. Present **Town Manager Special Recognition.**
3. **Workshop.**
4. **Roll Call/Call to Order Regular Town Council Immediately Following Council Workshop.**
5. **Public Comments**

Persons may address the Town Council on any issue. This is the appropriate time for citizens to address the Council on any concern whether on this agenda or not. In accordance with the State of Texas Open Meeting Act, the council may not comment or deliberate such statements during this period, except as authorized by Section 551.072, Texas Government Code.
6. **Consent Agenda**

All matters listed under the Consent Agenda are considered to be routine by the Town Council and require little or no deliberation. There will not be a separate discussion of these items and the agenda will be enacted by one vote. If the Council expresses a desire to discuss a matter listed, that item will be removed from the consent agenda and considered separately.

 - A. Consider Action to Approve the **Minutes from the November 16, 2021 Regular Town Council Meeting.**
 - B. Consider Action to Approve the **Minutes from the December 2, 2021 Special Town Council Meeting.**
 - C. Consider Action to Approve **Resolution No. 1207202101 Approving an Amendment to the Town's Investment Policy; Authorized Broker/Dealers; Recording the Annual Review; and an Effective Date.**
 - D. Consider Action to Approve a **Purchase Sales Agreement between the Town of Little Elm and Integrity Group, LLC of Real Property containing Approximately 4.956 acres in the D.M. Cule Survey, Abstract 226, and being part of Lot 1, Block A, and part of Lot 2, Block A of Dennis Whatsone Addition in the Town of Little Elm, Denton County, Texas.**

- E. Consider Action to Approve **Resolution 1207202103 for the Town of Little Elm Police Department to Receive Grant Funding for Night Vision Devices for the Little Elm Police Department SWAT Team, as required by the Office of the Governor, Criminal Justice Division.**
- F. Consider Action to Approve a **Ground and Tower Lease Agreement with T-Mobile West LLC, for the Installation, Maintenance, and Operation of Telecommunication Equipment and Associated Antenna at the Town's Elevated Storage Tank Located on the Southwest Corner of Little Elm Parkway and Eldorado Parkway.**

7. **Public Hearings.**

- A. Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1647 regarding accepting and approving a Service and Assessment Plan ("SAP") and Assessment Roll for the Valencia Public Improvement District (the "District"); Phase #2B-1.**

**Open Public Hearing:
Receive Public Comments:
Close Public Hearing:
Take Action on Ordinance No. 1647**

- B. Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1651 Regarding a Proposed Text Amendment to Chapter 106, Zoning Ordinance, by Amending Sec.106.04.02 Lakefront District, in Order to Clarify Height Requirements.**

**Open Public Hearing:
Receive Public Comments:
Close Public Hearing:
Take Action on Ordinance No. 1651:**

8. **Reports and Requests for Town Council Consideration.**

- A. Present, Discuss, and Consider Action on **Ordinance No. 1648 Approving and Authorizing the Issuance and Sale of the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project); and Approving and Authorizing Related Agreements.**
- B. Present, Discuss, and Consider Action on **Resolution No. 1207202102, Casting 65 Votes for a Candidate for Appointment to the Denton Central Appraisal District Board of Directors.**

- C. Present, Discuss, and Consider Action on an **Amendment to the Tax Abatement Agreement between the Town of Little Elm and Retractable Technologies, Inc. for Financial Assistance to Operate the Facility, on Approximately 34 Acres, Generally Located at 511 Lobo Lane, in the Town of Little Elm, Denton County, Texas. Said Property Owned by Retractable Technologies, Inc., is Located in Reinvestment Zone #5 and Thomas J. Shaw, CEO of Retractable Technologies, Inc., is Requesting an Amendment to the Property Tax Abatement.**

9. **Convene in Executive Session pursuant to Texas Government Code:**

- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.
- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

10. **Reconvene into Open Session**

Discussion and consideration to take any action necessary as the result of the Executive Session:

- COVID-19 Pandemic and the Town's response thereto, including the consideration of an emergency declaration ordinance.
- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.
- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

11. **Adjourn.**

Pursuant to the Texas Open Meeting Act, (Chapter 551, Texas Government Code), one or more of the above items will be taken or conducted in open session following the conclusion of the executive closed session.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aide of service such as interpreters for the hearing impaired, reader or large print are requested to contact the secretary at 214-975-0452 two days prior to the meeting so appropriate arrangements can be made.
BRaille IS NOT PROVIDED.

Respectfully,

Town Secretary

This is to certify that the above notice was posted on the Town's website this 3rd day of December 2021 before 5:00 p.m.



Date: 12/07/2021
Agenda Item #: 2. A.
Department: Administrative Services
Strategic Goal: Ensure strong relationship within the community and region
Staff Contact: Kate Graham, Assistant to the Town Manager

AGENDA ITEM:

Present a **Proclamation Declaring the Month of December 2021 as Christian Heritage Month.**

DESCRIPTION:

Mayor Cornelious will present a proclamation declaring the month of December 2021 as Christian Heritage Month.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Information only, no action required.

Attachments

Christian Heritage Month Proclamation



Proclamation

WHEREAS, Christianity is the largest religion in the world, with 2.2 billion practitioners worldwide and approximately 65% of Americans professing the Christian faith; and

WHEREAS, the Christian faith dates back several thousand years, having its roots in Judaism and culminating in the birth, death, burial, and resurrection of Jesus Christ in the first Century AD. Christianity has a strong heritage of feeding the poor, helping the sick, and standing up against social injustices. Its practitioners believe they offer hope to the world through the Gospel message that Jesus Christ is the Son of God and Savior of the World; and

WHEREAS, the United States was founded in part on the tenants of the Christian Faith and has a rich heritage in American history.

WHEREAS, local churches have contributed tremendously to the vitality of the Town of Little Elm, Texas by enriching the lives of its citizens; and

WHEREAS, during the month of December 2021, Christians and non-Christians across the state of Texas, and around the world, will celebrate Christmas, which they have been doing for centuries.

NOW, THEREFORE, we declare the month of **December 2021 as Christian Heritage Month** and urge all the residents of Little Elm, TX to take cognizance of this event and participate fittingly in its observance.

Given under my hand and Seal of the Town of Little Elm, Texas, this 7th day of December, 2021.

Curtis J. Cornelious, Mayor of Little Elm



Date: 12/07/2021
Agenda Item #: 2. B.
Department: Administrative Services
Strategic Goal: Ensure excellence in public services while keeping up with the growth in the community
Staff Contact: Matt Mueller, Town Manager

AGENDA ITEM:

Present **Town Manager Special Recognition.**

DESCRIPTION:

Town Manager Matt Mueller will present Town Manager Challenge Coins to Kate Graham, Assistant to the Town Manager, and Caitlan Biggs, Director of Administrative Services/Town Secretary, for their work on the four elections held in 2021.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Information only, no action required.



Date: 12/07/2021
Agenda Item #: 6. A.
Department: Administrative Services
Strategic Goal: Maintain operational integrity and viability
Staff Contact: Kate Graham, Assistant to the Town Manager

AGENDA ITEM:

Consider Action to Approve the **Minutes from the November 16, 2021 Regular Town Council Meeting.**

DESCRIPTION:

The minutes from the November 16, 2021, Regular Town Council Meeting are attached for approval.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Minutes- November 16, 2021

DRAFT

Minutes
Town of Little Elm
100 W Eldorado Parkway
Little Elm, Texas 75068
214-975-0404
<http://www.littleelm.org>

REGULAR TOWN COUNCIL MEETING TUESDAY NOVEMBER 16, 2021 - 6:00 p.m.

Present: Mayor Curtis J. Cornelious; Council Member Tony Singh; Council Member Jeremy Lukas; Council Member Lisa Norman; Council Member Michael McClellan

Absent: Mayor Pro Tem Neil Blais

Staff Present: Joe Florentino, Assistant Town Manager; Matt Mueller, Town Manager; Chad Hyde, Director of Community Services; Deidre Hale, Human Resources Director; Doug Peach, Deputy Town Manager; Fred Gibbs, Director of Development Services; Hayden Brodowsky, Development Services Manager; Jason Shroyer, Director of Public Works; Jennette Espinosa, EDC Executive Director; Kate Graham, Assistant to the Town Manager; Paul Rust, Fire Chief; Robert Brown, Town Attorney; Rodney Harrison, Police Chief

1. Call to Order Council Workshop at 6:00 p.m.

Meeting was called to order at 6:00 p.m.

A. Invocation.

Melissa Hatch, Pastor of Button United Methodist Church gave the invocation.

B. Pledge to Flags.

C. Items to be Withdrawn from Consent Agenda.

None.

D. Emergency Items if Posted.

None.

E. Request by the Town Council for Items to be Placed on a Future Agenda for Discussion and Recognition of Excused Absences.

The Council recognized the absence of Council member Neil Blais as an excused absence.

- F. Presentation of Monthly Updates.

Community Services Director Chad Hyde gave an update on Magic of Lights and Christmas festivities planned for December 4. Town Manager Matt Mueller gave an update on the remodel of Town Hall.

- G. Town Council to Highlight Items on the Agenda Needing Further Discussion or Comments Prior to the Regular Session.

None.

2. **Presentations.**

- A. Present a **Proclamation Declaring the Month of November 2021 as Adoption Month.**

A representative from Denton County Child Protective Services shared some information about foster care and adoption in Denton County. Mayor Cornelious presented a proclamation declaring November 2021 as Adoption Month.

- B. Present a **Proclamation Recognizing Jace's Law.**

Texas Representative Jared Patterson said a few words regarding Jace's Law and read a proclamation recognizing Jace's Law in Little Elm.

- C. Present a **Certificate of Recognition to Ron Trees for Receiving the U.S. 26th District Congressional Veteran Commendation.**

Council member Tony Singh recognized resident Ron Trees for his military service.

3. **Workshop.**

- A. Present and Discuss **2022-2023 Denton County Appraisal District Board of Directors Election.**

Town Manager Matt Mueller gave the Council an overview of the Denton County Appraisal District Board of Directors nominees and the votes that the Town has. The Council directed staff to create a resolution to be voted on at the first meeting in December distributing all 65 votes the Town has to David Terre.

- B. Present and Discuss **Section 106.04.02 - Lakefront District, within Chapter 106, Article IV - Special Districts.**

Development Services Director Fred Gibbs gave an overview of the Lakefront District in the attached presentation and sought guidance from the Council regarding height of structures in The Lakefront District. The Council discussed whether the ordinance should limit construction by stories or by height. The Council directed Gibbs to update the ordinance to three stories and 45 feet as a maximum height, with the ability for someone to request a variance from Council.

- C. Present and Discuss an **Update on The Lawn at The Lakefront™**.

Community Services Director Chad Hyde gave an update on design documents for The Lawn at The Lakefront in the attached presentation. Managing Director of Communications/PIO Erin Mudie gave an overview of logo options for The Lawn.

4. **Roll Call/Call to Order Regular Town Council Immediately Following Council Workshop.**

5. **Public Comments**

Persons may address the Town Council on any issue. This is the appropriate time for citizens to address the Council on any concern whether on this agenda or not. In accordance with the State of Texas Open Meeting Act, the council may not comment or deliberate such statements during this period, except as authorized by Section 551.072, Texas Government Code.

None.

6. **Consent Agenda**

All matters listed under the Consent Agenda are considered to be routine by the Town Council and require little or no deliberation. There will not be a separate discussion of these items and the agenda will be enacted by one vote. If the Council expresses a desire to discuss a matter listed, that item will be removed from the consent agenda and considered separately.

Motion by Council Member Michael McClellan, seconded by Council Member Lisa Norman **to approve the Consent Agenda.**

Vote: 5 - 0 - Unanimously

- A. Consider Action to Approve the **Minutes from the November 2, 2021 Regular Town Council Meeting.**
- B. Consider Action to Approve the **Minutes from the November 9, 2021, Special Town Council Meeting.**
- C. Consider Action to Approve the **Annual Contract to Provide Fire Protection Services to Unincorporated Areas of Denton County.**
- D. Consider Action to Approve the **Annual Contract to Provide Ambulance Services to Unincorporated Areas of Denton County.**
- E. Consider Action to Approve a **Professional Services Contract With TRC Engineers, Inc., for the Design of Improvements to the Wastewater Treatment Plant's Ultra-violet Disinfection System and Authorize the City Manager to Execute the Agreement in an Amount not to Exceed \$144,200.00.**

- F. Consider Action to Approve **Resolution No. 1116202105 to Approve an Updated Exhibit "A" of Ordinance No. 1284 to Modify Existing School Zone's within the Town of Little Elm.**
- G. Consider Action to Approve the **Interlocal Cooperation Agreement for Library Services between Denton County, Texas and the Town of Little Elm, Texas.**
- H. Consider Action to Approve the **Lease Purchase Agreement between ECS Properties, LLC (Tinman Social) and Little Elm EDC.**

7. Public Hearings.

- A. Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1645 Regarding Request for a Specific Use Permit (SUP) for a Smoking Establishment and Bar, Generally Located on the Northeast Corner of Eldorado Parkway and Little Elm Parkway, Currently Zoned Planned Development - Light Commercial (PD-LC), Through Ordinances No. 521, 953, and 1457, in Order to Allow for a New Establishment with On-Premises Cigar Sales and Smoking and On-Premises Sale and Consumption of Alcoholic Beverages.**

Open Public Hearing:

Receive Public Comments:

Close Public Hearing:

Take Action on Ordinance No. 1645:

Development Services Director Fred Gibbs gave an overview of the request in the attached presentation. The applicant was present to answer questions from the Council and said a few words about his plan for the business.

Motion by Council Member Tony Singh, seconded by Council Member Jeremy Lukas **Open Public Hearing: 7:02 p.m.**

Receive Public Comments: Danny Weakly of 2572 Still Springs Drive, Little Elm, TX 75068 gave a statement of support for the business.

Close Public Hearing: 7:03 p.m.

Take Action on Ordinance No. 1645: to approve Ordinance No. 1645 per the recommendations from the Planning and Zoning Commission.

Vote: 5 - 0 - Unanimously

- B. Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1646 Regarding a Proposed Text Amendment to Chapter 106, Zoning Ordinance, by Amending Sec.106.03.03(d) Zoning Districts (Non-Residential/Commercial/Industrial, Community Facilities District), Sec. 106.01.14 Land Use Definitions, and Sec. 106.05.01(b) (Schedule of Uses – Nonresidential Zoning Districts), in Order to Allow for Incidental Uses within the Community Facilities District.**

Open Public Hearing:

Receive Public Comments:

Close Public Hearing:

Take Action on Ordinance No. 1646:

Development Services Director Fred Gibbs gave an overview of the request in the attached presentation. Council member McClellan raised concerns about commercial businesses utilizing this. Gibbs clarified that it would need to be an incidental use to the school.

Motion by Council Member Jeremy Lukas, seconded by Council Member Michael McClellan **Open Public Hearing: 7:10 p.m.**

Receive Public Comments: None.

Close Public Hearing: 7:11 p.m.

Take Action on Ordinance No. 1646: to approve Ordinance No. 1646.

Vote: 5 - 0 - Unanimously

- C. Continue a Public Hearing, Present, and Discuss the **Spiritas Ranch East Public Improvement District in accordance with a Chapter 372 of the Texas Local Government Code.**

Continue Public Hearing:

Receive Public Comments:

Close Public Hearing:

Development Services Director Fred Gibbs gave an overview in the attached presentation.

Continue Public Hearing: 7:12 p.m.

Receive Public Comments: Robert Miklos of 1800 Valley View Lane, Suite 360, Farmers Branch, TX 75234, representative of the developer, gave a statement of support and was available to answer questions.

Close Public Hearing: 7:15 p.m.

Vote: 5 - 0 - Unanimously

8. Reports and Requests for Town Council Consideration.

- A. Present, Discuss, and Consider Action on **Resolution No 1116202101 Recognizing and Ratifying the Town's Obligation to Pay for Certain Public Improvements Pursuant to the Terms between Town of Little Elm and Valencia on the Lake, L.P.**

Town Attorney Robert Brown gave an overview of the resolution.

Motion by Council Member Jeremy Lukas, seconded by Council Member Tony Singh **to approve Resolution No 1116202101.**

Vote: 5 - 0 - Unanimously

- B. Present, Discuss, and Consider Action on **Resolution No 1116202102 Determining the Cost of Certain Authorized Improvements to be Financed within Phase #2B-1 of the Valencia Public Improvement District; Approving a Preliminary Service Plan and Assessment Plan, Including a Proposed Phase #2B-1 Assessment Roll; Calling a Regular Meeting and Noticing a Public Hearing for December 7, 2021, to Consider an Ordinance Levying Assessment on Property Located within the Phase #2B-1 of the Valencia Public Improvement District; Directing the Filing of the Proposed Phase #2B-1, Assessment Roll with the Town's Secretary to Make Available for Public Inspection; Directing Town Staff to Publish and Mail, Notice of Said Public Hearing; and Resolving Other Matters Incident and Related Thereto.**

EDC Executive Director Jennette Espinosa gave an overview in the attached presentation.

Motion by Council Member Lisa Norman, seconded by Council Member Tony Singh ***to approve Resolution No 1116202102.***

Vote: 5 - 0 - Unanimously

- C. Present, Discuss, and Consider Action on **Resolution No 1116202103 Authorizing and Creating the Spiritas East Public Improvement District in Accordance with Chapter 372 of the Texas Local Government Code; Providing for Related Matters; and Providing an Effective Date.**

Motion by Council Member Lisa Norman, seconded by Council Member Tony Singh ***to approve Resolution No 1116202103.***

Vote: 5 - 0 - Unanimously

- D. Present, Discuss, and Consider Action on **Resolution No 1116202104 Determining the Cost of Certain Authorized Improvements Financed by the Spiritas East Public Improvement District; Approving a Preliminary Service Plan and Assessment Plan, Including a Proposed Assessment Role; Calling a Regular Meeting and Noticing a Public Hearing, for December 21, 2021, to Consider an Ordinance Levying Assessments for the Property Located Within the Spiritas East Public Improvement District; Directing the Filing of the Proposed Assessment Role, with the Town Secretary to Make Available for Public Inspection; Directing Own Staff to Publish and Mail Notice, of Said Public Hearing; and Resolving Other Matters Incident and Related Thereto.**

Motion by Council Member Jeremy Lukas, seconded by Council Member Tony Singh ***to approve Resolution No 1116202104.***

Vote: 5 - 0 - Unanimously

- E. Present, Discuss, and Consider Action on a **Developers Agreement between the Town of Little Elm and Centurion American Acquisitions, LLC (Continuation of Spiritas Ranch West Development Agreement).**

Development Services Director Fred Gibbs gave an overview in the attached presentation. A representative for the developer was present and able to answer questions.

Motion by Council Member Michael McClellan, seconded by Council Member Lisa Norman ***to approve the developers agreement.***

Vote: 5 - 0 - Unanimously

9. Convene in Executive Session pursuant to Texas Government Code:

- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.

- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

There was no executive session.

10. Reconvene into Open Session

Discussion and consideration to take any action necessary as the result of the Executive Session:

- COVID-19 Pandemic and the Town's response thereto, including the consideration of an emergency declaration ordinance.
- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.
- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

There was no executive session.

11. Adjourn.

Meeting was adjourned at 7:41 p.m.

Respectfully,

Kate Graham
Acting Town Secretary

Passed and Approved this 7 day of December 2021



Date: 12/07/2021
Agenda Item #: 6. B.
Department: Administrative Services
Strategic Goal: Maintain operational integrity and viability
Staff Contact: Caitlan Biggs, Director of Administrative Services/Town Secretary

AGENDA ITEM:

Consider Action to Approve the **Minutes from the December 2, 2021 Special Town Council Meeting.**

DESCRIPTION:

The minutes from the December 2, 2021, Special Town Council Meeting are attached for approval.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Minutes - December 2, 2021

DRAFT

Minutes
Town of Little Elm
100 W Eldorado Parkway
Little Elm, Texas 75068
214-975-0404
<http://www.littleelm.org>

SPECIAL TOWN COUNCIL MEETING THURSDAY DECEMBER 2, 2021 - 6:00 p.m.

Present: Mayor Curtis J. Cornelious; Mayor Pro Tem Neil Blais; Council Member Tony Singh; Council Member Jeremy Lukas; Council Member Lisa Norman; Council Member Michael McClellan

Staff Joe Florentino, Assistant Town Manager; Matt Mueller, Town Manager; Doug Peach, Deputy

Present: Town Manager; Kate Graham, Assistant to the Town Manager; Robert Brown, Town Attorney; Rodney Harrison, Police Chief; Caitlan Biggs, Director of Administrative Services/Town Secretary

1. Call to Order Special Meeting at 6:00 p.m.

Meeting was called to order at 6:02 p.m.

A. Invocation.

Mayor Curtis Cornelious gave the invocation.

B. Pledge to Flags.

C. Emergency Items if Posted.

None.

2. Public Comments

Persons may address the Town Council on any issue. This is the appropriate time for citizens to address the Council on any concern whether on this agenda or not. In accordance with the State of Texas Open Meeting Act, the council may not comment or deliberate such statements during this period, except as authorized by Section 551.072, Texas Government Code.

None.

3. Convene in Executive Session pursuant to Texas Government Code:

- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.
- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

Council convened into Executive Session at 6:03 p.m.

4. Reconvene into Open Session

Discussion and consideration to take any action necessary as the result of the Executive Session:

- COVID-19 Pandemic and the Town's response thereto, including the consideration of an emergency declaration ordinance.
- Section 551.071 for private consultation with the Town Attorney to discuss the COVID-19 pandemic and municipal authority to respond to the COVID-19 outbreak and to seek legal advice with respect to pending and contemplated litigation and including all matters on this agenda to which the Town Attorney has a duty under the Texas Rules of Discipline and Professional conduct regarding confidential communication with the Town Council.
- Section 551.072 to discuss certain matters regarding real property.
- Section 551.074 of the Texas Government Code to discuss and deliberate personal matters to evaluate performance duties, of a public officer or employee(s).
- Section 551.076 to discuss security matters.
- Section 551.087 to discuss Economic Development.

Council reconvened into Open Session at 8:35 p.m. No action was taken.

5. Adjourn.

Meeting adjourned at 8:35 p.m.

Respectfully,

Caitlan Biggs
Town Secretary

Passed and Approved this 7th day of December 2021



Date: 12/07/2021
Agenda Item #: 6. C.
Department: Finance
Strategic Goal: Maintain operational integrity and viability
Staff Contact: Kelly Wilson, Chief Financial Officer

AGENDA ITEM:

Consider Action to Approve **Resolution No. 1207202101 Approving an Amendment to the Town's Investment Policy; Authorized Broker/Dealers; Recording the Annual Review; and an Effective Date.**

DESCRIPTION:

Little Elm Council approved the Investment Policies on December 15, 2020, as required and cited as Section 2256.005(e) of the Texas Government Code that requires the governing body to review its investment policy and investment strategies not less than annually; and make changes as they deem appropriate. Staff is requesting your annual review and approval of the investment policy with an effective date from the date of this passage as provided by law.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Resolution No. 1207202101

TOLE Investment Policy, Dated December 7, 2021

Appendix D - Government Code Chapter 2256, Public Funds Investment

RESOLUTION NO 1207202101

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS,
APPROVING AN AMENDMENT TO THE TOWN'S INVESTMENT POLICY; AUTHORIZED
BROKER/DEALERS; RECORDING THE ANNUAL REVIEW; AND AN EFFECTIVE DATE.**

WHEREAS, the Public Funds Investment Act, as amended, requires the Town to adopt an investment policy by rule, order, or resolution; and

WHEREAS, the attached Investment Policy has been amended to comply with the Public Funds Investment Act, as amended, and authorizes the investment of Town funds in safe and prudent investments.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF
LITTLE ELM, TEXAS**

SECTION 1. The Council of the Town of Little Elm, Texas approves the revised investment policy, investment strategy and authorized broker/dealers.

SECTION 2. The Council of the Town of Little Elm, Texas has performed an annual review of the investment policy and adopts its statements in the minutes recording that review.

SECTION 3. This resolution shall take effect immediately upon passage.

PASSED AND APPROVED by the Town Council of the Town of Little Elm, on the 7th day of December 2021.

APPROVED:

Curtis J. Cornelious, Mayor

ATTEST:

__ Caitlan Biggs, Town Secretary



100 W. Eldorado Parkway
Little Elm, TX 75068

**INVESTMENT POLICY
OF
TOWN OF LITTLE ELM, TEXAS**

**LITTLE ELM COMMUNITY DEVELOPMENT CORPORATION
HIGHWAY 380 MUNICIPAL MANAGEMENT DISTRICT
LITTLE ELM TAX INCREMENT REINVESTMENT ZONE #3
LITTLE ELM TAX INCREMENT REINVESTMENT ZONE #4
LITTLE ELM TAX INCREMENT REINVESTMENT ZONE #5
LITTLE ELM TAX INCREMENT REINVESTMENT ZONE #6
VALENCIA ON THE LAKE PUBLIC IMPROVEMENT DISTRICT
RUDMAN TRACT PUBLIC IMPROVEMENT DISTRICT
HILLSTONE POINT PUBLIC IMPROVEMENT DISTRICT #2
LAKESIDE ESTATES PUBLIC IMPROVEMENT DISTRICT #2
SPIRITAS RANCH PUBLIC IMPROVEMENT DISTRICT**

PREFACE

It is the policy of the Town of Little Elm that all available funds within its control shall be invested in conformance with these legal and administrative guidelines.

Effective cash management is recognized as essential to good fiscal management. A comprehensive and effective cash management system will be pursued to optimize investment interest as viable and material revenue to all operating and capital funds. The Town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state and federal law.

Earnings from investments will be used in a manner that will best serve the interests of the Town.

Section 1. Scope.

The Public Funds Investment Act ("PFIA"), Chapter 2256, Texas Government Code, prescribes that each local government is to adopt rules governing its investment practices and to define the authority of the investment officers. This Investment Policy addresses the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of funds of the Town of Little Elm, Texas, the Little Elm Community Development Corporation, the Highway 380 Municipal Management District, the Little Elm Tax Increment Reinvestment Zone #3, the Little Elm Tax Increment Reinvestment Zone #4, the Little Elm Tax Increment Reinvestment Zone #5, the Little Elm Tax Increment Reinvestment Zone #6, the Valencia on the Lake Public Improvement District, the Rudman Tract Public Improvement District, the Hillstone Point Public Improvement District #2, the Lakeside Estates Public Improvement District #2, and Spiritas Ranch Public Improvement District (sometimes collectively referred to as the "Entities" or separately as an "Entity").

This Policy shall apply to the investment and management of all funds of the Entities under their respective control, other than those expressly excluded herein or by applicable law or valid agreement. This Policy shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this Policy and the requirements of any fund subject hereto, the specific requirement applicable to such fund shall be followed as well as all other provisions of this Policy other than those in conflict.

In order to make effective use of the resources of the Entities, the respective monies of each Entity may be pooled for investment purposes as long as detailed accounting records reflect each Entity's stake, except for those monies required to be accounted for separately as stipulated by applicable laws, bond covenants or contracts. The income derived from this pooled investment shall be distributed in accordance with generally acceptable accounting procedures.

The following general fund groups will be utilized to consolidate investment objectives and strategies:

- Operating
- Capital Improvement
- Fiduciary

The Entities may invest specific fund balances or pool together for investment purposes, or a combination of both, as appropriate.

Section 2. Objectives.

The Entities' principal investment objectives in order of priority are:

1. Preservation of capital and the protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated disbursement and cash flows.
3. Conformance with all Federal regulations, State of Texas statutes and other legal requirements, including the Town Charter, Town Ordinances, Articles of Incorporation, and this Policy.
4. Diversification to avoid incurring unreasonable risks regarding investments owned.
5. Attainment of a market rate of return which is commensurate with the acceptable risk and liquidity objectives of this Policy.

Section 3. Delegation of Authority.

The Town Council and Boards of Directors of the Districts or Corporations appoint the Town's Chief Financial Officer ("CFO") and Assistant Finance Director as the "Investment Officers" of the Entities. Direct management responsibility for the investment program of each Entity is delegated by the Town Council and Boards of Directors to the Investment Officers. The Investment Officers' authority will at all times be limited by all applicable laws and regulations in effect from time to time, and this Policy.

The CFO shall develop and maintain written administrative procedures for the operation of the investment program consistent with this Policy. The controls shall be designed to prevent, identify and control losses of public funds arising from deviation from this Policy, fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the Town and the Corporations. In these procedures, the CFO may delegate specific portions of the investment management program. Such delegation shall state specifically the functions such person is authorized to perform.

The CFO shall obtain and maintain, at the expense of the respective Entity, fidelity bonds for the Investment Officers. No person may engage in an investment transaction except as provided under the terms of this Policy and the internal procedures established by the CFO. A current list of persons authorized to transact investment business and wire funds on behalf of the Entities shall be maintained by the CFO.

At the discretion of the respective Entity, and in any event upon the termination or reassignment of any Investment Officer authorized to conduct transactions for the Entities pursuant to this Policy, the authority of such person shall be revoked and such revocation of authority shall be immediately communicated orally and in writing to each and every depository, broker/dealer, investment pool,

investment advisor, custodian, and other agency or entity with whom the respective Entity has any existing or continuing relationship in the management of its investments.

In order to ensure qualified and capable investment management, the Investment Officers shall, within 12 months after taking office or assuming duties, attend at least one training session from an independent source approved in this Policy that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA, and accumulate at least ten (10) hours of instruction. Additionally, the Investment Officers shall complete not less than eight (8) hours of training every two-year period that begins on the first day of the Town's fiscal year and consists of the two consecutive fiscal years after that date, addressing the aforementioned topics. The Government Finance Officers Association of Texas (GFOAT), Government Treasurers' Organization of Texas (GTOT), Texas Municipal League (TML), University of North Texas (UNT), North Central Texas Council of Governments (NCTCOG), American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA) are approved independent training sources.

Section 4. Investment Advisors.

The Town may, at the recommendation of the CFO, select one or more Investment Advisor(s) to assist the Investment Officers in the management of the Entities' funds. The Investment Advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an Investment Advisor. To be eligible for consideration, an Investment Advisor shall demonstrate knowledge of and experience in the management of public funds. A selected Investment Advisor shall act solely in an advisor and administrative capacity, within the guidelines of this Policy and without any discretionary authority to transact business on behalf of the Entities. The terms and conditions of any Investment Advisor contract shall comply with the PFIA. A contract with an Investment Advisor may not be for a term longer than two years and any contract, renewal, or extension must be approved by the Town Council.

Section 5. Standard of Care.

The standard of care for the Entities' respective investments shall be that such investments shall 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.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Investment Officers and any others involved in the investment process shall recognize that the investment activities of the Entities are a matter of public record.

An Investment Officer, acting in accordance with written procedures and exercising due diligence and the proper standard of care, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided that this Policy and the Investment Officer's procedures were followed. In determining whether the Investment Officer exercised a proper standard of care, all investments over which the Officer had responsibility will be considered rather than a single investment, and whether the investment decision was consistent with this Policy, as applicable.

Section 6. Authorized Investments.

Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures, or not outlined as authorized investments under Section 2256.009 of the Public Funds Investment Act, the following are the only permitted investments for the Entities' funds:

- A. Direct obligations of the United States government including, but not limited to, U. S. Treasury Bills, U. S. Treasury Notes, U. S. Treasury Bonds, and U. S. Treasury STRIPS.
- B. Debentures, discount notes or other obligations, guaranteed by, or for which the credit of any federal agency and instrumentality is pledged for payment including, but not limited to, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Agricultural Mortgage Corporation (FRMAC), Federal Deposit Insurance Corporation (FDIC), and Federal Home Loan Mortgage Corporation (FHLMC). Principal-only and interest-only mortgage backed securities are expressly prohibited.
- C. Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government. Principal-only and interest-only mortgage backed securities are expressly prohibited.
- D. Certificates of deposit and other evidences of deposit at a financial institution that has its main office or a branch office in Texas and a) is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or other federally sponsored deposit insurance corporation, or its successor, b) is secured by obligations in a manner and amount provided by law for deposits of the Entities, or c) is placed through a broker or depository institution that has its main office or a branch office in Texas that meets the requirements of the PFIA.
- E. Repurchase agreements structured in compliance with the PFIA with an executed master repurchase agreement, collateralized at a minimum market value of one hundred two (102) percent of the dollar value of the transaction plus accrued interest. A flexible repurchase agreement that allows for withdrawals as needed to fund project expenditures may be utilized for capital improvement projects funded by bond proceeds.

The Town will not enter into repurchase agreements that would result in a reverse repurchase position for the Town.

- F. Money Market Mutual Funds meeting each of the following criteria:
 - (1) Regulated by the Securities and Exchange Commission;
 - (2) No commission fee shall be charged on purchases or sales of shares (i.e. "no-load" fund);
 - (3) Have an objective of maintaining a constant daily net asset value of \$1.0000 per share;
 - (4) Limit assets of the fund to those described as "government" securities; and

- (5) Maintain a rating of AAAm or the equivalent by a nationally recognized rating agency.
- G. State and local government investment pools that are organized under and meet the requirements of the PFIA, have been specifically approved by the CFO, and have been authorized by the Town Council and Boards of Directors, as the case may be.
- H. Direct 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.

Section 7. Other Investment Guidelines.

The Entities seek active management of their respective portfolio assets. In the effort of meeting the objectives of this Policy, the Entities, as applicable, may from time to time sell investments that they own in order to better position its portfolio assets. Sales of investments prior to maturity shall be documented and approved by the CFO before such a transaction is consummated.

Each security investment transaction must be based upon competitive quotations received from broker/dealers who have been approved by the Town. At least three providers must be contacted in all transactions involving individual securities. For those situations where it may be impractical or unreasonable to receive three quotes for a transaction due to a rapidly changing market environment or to secondary market availability, documentation of a competitive market survey of comparable securities or an explanation of the specific circumstances must be included with the transaction quote/bid sheet.

The purchase and sale of all securities shall be on a delivery versus payment basis. In this manner, the Entities will always have possession of either its securities or its monies.

The Entities are not required to liquidate investments that were authorized at the time of purchase. However, an investment that requires a minimum credit rating does not qualify as an Authorized Investment during the period the investment does not have the minimum credit rating. The Investment Officers shall monitor the rating of each issuer, as applicable, at least quarterly, and take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the required minimum rating.

Section 8. Portfolio Maturities.

Maturities shall be selected which provide for both stability of income and reasonable liquidity. The maximum stated maturity of any non-bond proceed investment is five (5) years. An investment’s “average life” does not constitute a stated maturity. The weighted average maturity of all non-bond proceed investments shall not exceed two (2) years based on the stated maturity date of the investment.

In the case of callable securities, the Investment Officer shall additionally calculate a weighted average call date. However, at all times the stated final maturity shall be used in portfolio weighted average maturity calculations and reported as outlined in this Policy.

Investment of bond proceeds shall be limited to the shorter of the anticipated draw schedule or “temporary period” as defined by the Internal Revenue Service. Additionally, bond proceeds may be

invested in a singular repurchase agreement, if reductions are allowed from the agreement without penalty for legitimate bond proceed expenditures and the final maturity is within the “temporary period” (this arrangement is commonly referred to as a “flexible repurchase agreement”).

Section 9. Investment Allocation Limits.

It is the Policy of the Entities to avoid concentration of assets in a specific maturity, a specific issue, or a specific class of investments. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the investment market.

The Investment Officers shall evaluate how each investment purchased fits into the Entities’ overall investment strategies (see Section 15 - Investment Strategy Statement).

Section 10. Broker/Dealers and Other Providers.

The Town shall maintain a list of broker/dealers which have been approved by the Town Council. Securities and other investments, where applicable, may only be purchased for the Entities from those authorized broker/dealers.

The Investment Officers shall review each broker/dealer approved under this Section, and at least annually the Town Council shall re-approve the applicable list.

Broker/dealers, investment pools, and other financial institutions will be selected by the Investment Officers on the basis of their financial stability, expertise in cash management, and their ability to service the Town’s and Corporations’ account. Each broker/dealer, investment pool, or financial institution shall be required to submit to the Entities (as applicable) information as requested by the Investment Officers. The Investment Officers shall maintain a file which includes the most recent information submitted by each firm.

All local government investment pools and discretionary investment management firms (defined by the PFIA as “business organizations”) eligible to transact investment business with the Entities shall be presented a written copy of this Policy. The qualified representative of the business organization seeking to transact investment business with the Entities shall execute a written instrument substantially to the effect that it has:

- 1) a completed Broker/Dealer Questionnaire (Appendix B) that provides information regarding creditworthiness, experience and reputation; and
- 2) a certification stating the firm has received, reviewed, understand and agrees to comply with the Town’s investment policy. This certification also acknowledges that the business organization has implemented reasonable procedures and control in an effort to preclude investment transactions conducted between the Town and the organization that are not authorized by the Town’s investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Entities’ entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Entities that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority; and

- 3) provide an audited financial statement for the most recent period; and
- 4) proof of Financial Industry Regulatory Authority (FINRA) registration; and
- 5) proof of current registration with the State of Texas Securities Commission.

The Entities shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above.

Section 11. Selection of Depositories.

To be eligible for receipt of Entity deposits, financial institutions must be a member of the FDIC, or other federally sponsored deposit insurance corporation, and meet the minimum standards established by the Investment Officers. Financial institutions failing to meet the minimum criteria or, in the judgment of the Investment Officers, no longer offering adequate safety for the Entities will be removed from consideration.

Consistent with the requirements of State law, the Entities require all financial institution deposits to be federally insured or collateralized with marketable securities, irrevocable letters of credit, or in any other manner allowed by State law, if the amount of deposit exceeds federal insurance levels. Financial institutions serving as depositories will be required to sign a Depository Agreement with the Entities. The custodial portion of the Depository Agreement shall define the Entities' rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations; including:

- A. the Agreement must be in writing;
- B. the Agreement has to be executed by the Depository and the Entities contemporaneously with the acquisition of the asset;
- C. the Agreement must be approved by the board of directors or the designated committee of the Depository and a copy of the meeting minutes must be delivered to the Investment Officers;
- D. the Agreement must be continuously, from the time of execution, an official record of the Depository.

Eligible collateral for financial institution deposits shall include all items allowable with the PFIA, Public Funds Collateral Act, and Chapter 105 of the Local Government Code, subject to prior approval and at the sole discretion of the Investment Officers. Collateralization for all uninsured collected balances, plus accrued interest, if any.

Section 12. Safekeeping and Custody.

Investment securities purchased for the Entities shall be held in third-party safekeeping, and all pledged collateral shall be delivered to an independent third-party custodian prior to deposit. Each of the

Entities may designate safekeeping or custodian bank(s). With the exception of federally insured deposits, in no event will the Entities' custodial or safekeeping institution also be counterparty (broker/dealer) to the purchase or sale of those securities or pledging of that collateral. The Entities shall execute a written agreement with each bank prior to utilizing the custodian or safekeeping services. The agreement must provide that the safekeeping or custodian bank will immediately record the receipt of purchased or pledged securities in its books and promptly issue and deliver a safekeeping receipt to the Entities showing the receipt and the identification of the security, as well as the Entities' perfected interest. The original safekeeping receipt for each transaction including purchased securities under a repurchase agreement and collateral securing deposits will be delivered to the Investment Officers.

Only institutions eligible under the Public Funds Collateral Act may be utilized as a custodian of securities pledged to secure financial institution deposits.

An Investment Officer must approve release of securities held as collateral, in writing, prior to their removal from the custodial account. A facsimile or email of a written authorization shall be sufficient if the custodian orally confirms receipt of the transmission, and an exact copy of the document is retained in the Entities' files.

Section 13. Recordkeeping and Reporting.

A record shall be maintained of all bids and offerings for investment transactions in order to ensure that the Entities receive competitive pricing. All transactions shall be documented by the person authorizing the transaction in a form that shows that person's name, the counterparty to the transaction, the date, a description of the transaction, and a brief statement of the reason(s) for the transaction.

Each depository institution of the Entities' funds shall maintain separate, accurate, and complete records relating to all deposits, the securities pledged to secure such deposits, and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Entities, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. Each depository and custodian shall agree to make all the records described in this paragraph available to the Entities and their auditors at any reasonable time.

At least once each quarter, the Investment Officers shall verify that all securities owned by or pledged to the Entities are held in safekeeping in the safekeeping or custodian bank(s) with proper documentation. In conjunction with the annual audit, the Entities' respective investment program, including the records of safekeeping, custodian, and depository banks, shall be reviewed by the independent auditor. This annual audit shall include a compliance audit of the management and internal controls on investments and adherence to this Policy.

An investment report shall be prepared in compliance with the PFIA at least quarterly by the Investment Officers that:

- a) describes in detail the investment position of the Entities,
- b) states the reporting period beginning book and market values, and ending book and market values for the period of each pooled fund group,

- c) states the reporting period ending book and market value for each investment by asset type and fund type,
- d) states the maturity date of each investment,
- e) states the fund for which each investment was purchased,
- f) states the compliance of the investment portfolio with this Policy and the PFIA,
- g) summarizes quarterly transactions, including a detailed list of the gains and losses recognized, and
- h) explains the investment return during the previous quarter and compares the portfolio's performance to other benchmarks of performance.

Market Value of the investment portfolio will be calculated quarterly. Pricing information will come from FNC, Bloomberg, IDC, or any other source deemed reliable by the CFO. If the price of a particular security is not available from any of these sources, the price may be estimated by analyzing similar securities' market values.

This report will be prepared and signed by all of the Entities' Investment Officers and provided to the Town Council and Boards of Directors. In conjunction with the annual audit, these reports shall be annually reviewed by the independent auditor, and the result of that review shall be presented to the Town Council and Boards of Directors, as the case may be.

The Investment Officers shall determine market value of securities owned or pledged as collateral based on sources independent from the transaction.

All contracted Investment Advisors shall prepare reports as requested by the Investment Officers.

Section 14. Ethics and Conflicts of Interest.

Investment Officers and employees of the Entities involved in the investment process shall refrain from personal business activity that involves any of the Entities' approved custodians, depositories, broker/dealers, or investment advisors, and shall refrain from investing in any security issue held by the Entities. Investment Officers and employees of the Entities involved in the investment process shall not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the Entities' business for personal investment decisions, shall in all respects subordinate their personal investment transactions to those of the Entities, particularly with regard to the timing of purchases and sales, and shall keep confidential all investment advice obtained on behalf of the Entities and all transactions contemplated and completed by the Entities, except when disclosure is required by law.

All Investment Officers shall file with the Texas Ethics Commission, the Town Council, and the Boards of Directors a statement disclosing any personal business relationship with any business organization seeking to sell investments to the Entities or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Entities.

Section 15. Investment Strategy Statement.

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

a. Operating Funds

Suitability - Any investment eligible in this Policy is suitable for the Operating Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will however occur. By managing the weighted average days to maturity for the Operating Fund portfolio to less than two (2) years and restricting the maximum allowable maturity to five (5) years, the price volatility of the overall portfolio will be minimized.

Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the fund types. Short-term financial institution deposits, investment pools, and money market mutual funds provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Investments with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement.

Diversification - Investment maturities shall be staggered throughout the budget and cash flow cycle to provide cash flow based on the anticipated operating needs of the Entities. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average and final maturity, and avoidance of over-concentration of specific instruments.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury Bill portfolio shall be the minimum yield objective.

The Town's investment strategy is primarily passive. Given this strategy, the basis, or benchmark, used by the Investment Officer to determine whether market yields are being achieved shall be the 3 month or 6 month Treasury Bill or 1 or 2 year Treasury Note, whichever is closest to the weighted average maturity of the portfolio.

b. Capital Improvement Funds

Suitability - Any investment eligible in this Policy is suitable for Capital Improvement Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will however occur. By managing Capital Improvement Fund's portfolio to not exceed the anticipated expenditure schedule and restricting the maximum allowable maturity to the I.R.S. "temporary period", the market risk of the overall portfolio will be minimized.

Liquidity - The funds used for capital improvement programs have reasonably predictable draw down schedules, therefore investment maturities shall generally follow the anticipated cash flow requirements. Short-term financial institution deposits, investment pools, and money market mutual funds provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request; this investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Investments with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement.

Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds and other construction and Capital Improvement Funds. With bond proceeds, if investment rates exceed the applicable arbitrage yield, the Entities are best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger lumps. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield with any Entities' funds.

Yield - Achieving a positive spread to the applicable arbitrage yield is the desired objective for bond proceeds. Non-bond proceeds for construction and capital project funds will target an equally weighted, rolling six-month Treasury Bill portfolio as the minimum yield objective.

c. Fiduciary Funds

Suitability - Any investment eligible in this Policy is suitable for the Fiduciary Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will however occur. By managing the weighted average days to maturity for the Fiduciary Fund portfolio to less than nine (9) months and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Liquidity - The Fiduciary Fund requires short-term liquidity. Short-term financial institution deposits, investment pools, and money market mutual funds provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Investments with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement.

Diversification - Investment maturities shall be staggered throughout the budget and cash flow cycle to provide cash flow based on the anticipated operating needs of the Entities. Market cycle risk may be reduced by diversifying the appropriate maturity structure out through two years.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury Bill portfolio shall be the minimum yield objective.

Section 16. Policy Revisions.

This Policy will be reviewed at least annually by the Investment Officers, the Town Council, and Boards of Directors and may be amended as conditions warrant by the Town Council and Boards of Directors. Each Entity shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to either the Investment Policy or investment strategies

Section 17. Effective Date.

This Policy shall become effective from and after its date of passage as provided by law.

Appendix A

Authorized Broker/Dealers

Ameriprise Financial Services, LLC
Farmers Bank & Trust
FHN Financial Capital Markets
Hilltop Securities, Inc.
Multi-Bank Securities, Inc.
Oppenheimer & Co. Inc.

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury;
and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER.

(a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section [2256.006](#):

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may 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. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section 802.001;
- (2) state funds invested as authorized by Section 404.024;
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section [2256.021](#).

(c) The investment policies may provide that bids for certificates of deposit be solicited:

(1) orally;

(2) in writing;

(3) electronically; or

(4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the financial requirements of the entity;

(2) preservation and safety of principal;

(3) liquidity;

(4) marketability of the investment if the need arises to liquidate the investment before maturity;

(5) diversification of the investment portfolio; and

(6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing

entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) 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.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a

review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. 1701), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall 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. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS.

(a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS. (a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) Except as provided by Subsection (g), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality, in addition to the requirements of Subsection (a)(1), shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by

a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter 392, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section 2256.010.

(g) Subsection (a-1) does not apply to the treasurer, chief financial officer, or investment officer of a school district if:

(1) the district:

(A) does not invest district funds; or

(B) only deposits those funds in:

(i) interest-bearing deposit accounts; or

(ii) certificates of deposit as authorized by Section 2256.010;

and

(2) the treasurer, chief financial officer, or investment officer annually submits to the agency a sworn affidavit identifying the applicable criteria under Subdivision (1) that apply to the district.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. 1148), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. 870), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 2, eff. September 1, 2017.

Acts 2019, 86th Leg., R.S., Ch. 477 (H.B. 293), Sec. 1, eff. June 7, 2019.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(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 this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this 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:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor;

and

(8) interest-bearing banking deposits other than those described by Subdivision (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 investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section 2257.041(d); or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(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 collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. [2647](#)), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. [2928](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section [2256.009](#)(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section [2256.009](#)(b); or

(3) secured in accordance with Chapter [2257](#) or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section [2256.025](#); or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) 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 investing entity;

(3) 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

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section [2257.041](#)(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. 256), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204;

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section 1371.059(c) applies to the execution of a repurchase agreement by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 3, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 1, eff. September 1, 2019.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

- (1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;
- (2) a loan made under the program must allow for termination at any time;
- (3) a loan made under the program must be secured by:
 - (A) pledged securities described by Section 2256.009;
 - (B) pledged irrevocable letters of credit issued by a bank that is:
 - (i) organized and existing under the laws of the United States or any other state; and
 - (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
 - (C) cash invested in accordance with Section:
 - (i) 2256.009;
 - (ii) 2256.013;
 - (iii) 2256.014; or
 - (iv) 2256.016;
- (4) the terms of a loan made under the program must require that the securities being held as collateral be:
 - (A) pledged to the investing entity;
 - (B) held in the investing entity's name; and
 - (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;
- (5) a loan made under the program must be placed through:
 - (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or
 - (B) a financial institution doing business in this state; and
- (6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance;
- (2) will be, in accordance with its terms, liquidated in full at maturity;
- (3) is eligible for collateral for borrowing from a Federal Reserve Bank; and
- (4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank

holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 365 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies; or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. [2706](#)), Sec. 2, eff. September 1, 2019.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission 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.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years; and

(3) either:

(A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or

(B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section [2256.009](#)(a)(1), excluding those obligations described by Section [2256.009](#)(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section [1371.059](#)(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of investments in which money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safekeep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- (10) the name and address of the independent auditor of the pool;
- (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
- (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
- (13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and
(2) a monthly report that contains, at a minimum, the following information:

- (A) the types and percentage breakdown of securities in which the pool is invested;
- (B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
- (C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
- (D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
- (E) the size of the pool;
- (F) the number of participants in the pool;
- (G) the custodian bank that is safekeeping the assets of the pool;
- (H) a listing of daily transaction activity of the entity participating in the pool;
- (I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
- (J) the portfolio managers of the pool; and
- (K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, for purposes of an investment pool for which a \$1.00 net asset value is maintained, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter:

(1) a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily; and

(2) if the investment pool uses amortized cost:

(A) the investment pool must, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places;

(B) the governing body of the investment pool must, if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005; and

(C) the investment pool must, in addition to the requirements of its investment policy and any other forms of reporting, report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 6, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 3, eff. September 1, 2019.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar

contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. [495](#)), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. [894](#)), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section [52](#), Article III, or Section [59](#), Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. [2346](#)), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section [1371.001](#).

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Repealed by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. [2706](#)), Sec. 5, eff. September 1, 2019.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. [1543](#)), Sec. 1, eff. June 17, 2011.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. [2706](#)), Sec. 5, eff. September 1, 2019.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. [1464](#)), Sec. 1, eff. September 1, 2005.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least \$250 million in:

(i) outstanding long-term indebtedness;

(ii) long-term indebtedness proposed to be issued; or

(iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section [1371.001](#).

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section 1371.059(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

- (1) an operation and maintenance expense of the eligible entity;
- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, eff. June 14, 2017.

Sec. 2256.0207. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, eff. September 1, 2017.

Redesignated from Government Code, Section 2256.0206 by Acts 2019, 86th Leg., R.S., Ch. 467 (H.B. 4170), Sec. 21.001(34), eff. September 1, 2019.

Sec. 2256.0208. LOCAL GOVERNMENT INVESTMENT OF BOND PROCEEDS AND PLEDGED REVENUE. (a) In this section, "pledged revenue" means money pledged to the payment of or as security for:

- (1) bonds or other indebtedness issued by a local government;
- (2) obligations under a lease, installment sale, or other agreement of a local government; or
- (3) certificates of participation in a debt or obligation described by Subdivision (1) or (2).

(b) The investment officer of a local government may invest bond proceeds or pledged revenue only to the extent permitted by this chapter, in accordance with:

(1) statutory provisions governing the debt issuance or the agreement, as applicable; and

(2) the local government's investment policy regarding the debt issuance or the agreement, as applicable.

Added by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. [2706](#)), Sec. 4, eff. September 1, 2019.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section [321.013](#).

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section [2256.017](#), this subchapter does not:

- (1) prohibit an investment specifically authorized by other law; or
- (2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section [2256.009](#)(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section [2256.009](#)(b) are authorized investments with respect to the housing bond programs operated by:

- (1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;
- (2) an entity created under Chapter [392](#), Local Government Code; or
- (3) an entity created under Chapter [394](#), Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the

entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.



Date: 12/07/2021
Agenda Item #: 6. D.
Department: Development Services
Strategic Goal: Promote and expand Little Elm's identity
Staff Contact: Fred Gibbs, Director of Development Services

AGENDA ITEM:

Consider Action to Approve a **Purchase Sales Agreement between the Town of Little Elm and Integrity Group, LLC of Real Property containing Approximately 4.956 acres in the D.M. Cule Survey, Abstract 226, and being part of Lot 1, Block A, and part of Lot 2, Block A of Dennis Whitsone Addition in the Town of Little Elm, Denton County, Texas.**

DESCRIPTION:

Town Council approved the Ladera Planned Development and the zoning for the Town's property on October 19, 2021. This development included approximately 263 age restricted single family homes on 58 acres along Highway 720. The Town owns approximately 4.96 acres within the development that is currently under lease that Council approved on November 2, 2021.

Pursuant to Chapter 272 of the Local Government Code, a municipality, that is less than a million people that is located primarily in a county with a population of two million or more, owning land within 5,000 feet of where the shoreline of a lake would be if the lake is filled to its storage capacity may, without notice or the solicitation of bids, sell the land to the person leasing the land for the fair market value of the land as determined by a certified appraiser.

While the land is under lease, the municipality owning the land may not sell the land to any person other than the person leasing the land. This lease agreement was for one year and includes a lease payment of \$1,500 per month until the property is purchased by the developer. The developer has submitted an appraisal of the property, and it was appraised for \$480,000.

The sale of our property includes upsizing and extending the ATMOS gas line through the developer's property to allow the connection for the other commercial retail sites. This utility extension greatly impacts the area in and around the development by making the adjacent properties more viable for commercial development. Currently, the preliminary estimate to upsize the extended gas line from a required 4" to an 8" is around \$300,000. This would result in the Town receiving approximately \$180,000 from the sale of the property minus the upsize cost. If it's less than \$300,000, then the Town will receive the difference as well, however, the Town will not

pay anything over the sale price of \$480,000 for any hard and soft costs associated with the gas line.

BUDGET IMPACT:

Proceeds of the sale of land will be reflected in the General Fund.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Purchase Sale Agreement
Town Property Appraisal
LGC 272
Signed Lease Agreement
Town Survey
Ladera Development Plan

**COMMERCIAL
EARNEST MONEY CONTRACT
(Real Estate Purchase Agreement)**

THIS DOCUMENT IS MORE THAN A RECEIPT FOR MONEY. THIS DOCUMENT IS INTENDED TO BE A LEGALLY BINDING CONTRACT. READ IT CAREFULLY.

This Earnest Money Contract ("Agreement") concerns the purchase by LE Ladera, LLC, an affiliate of Integrity Group, LLC, or affiliated assigns ("Buyer") and sale by Town of Little Elm ("Seller") of that certain real property containing approximately 4.956 acres+/- in the D.M. Cule Survey, Abstract 226, and being a part of Lot 1, Blk. A, and part of Lot 2, Blk. A of Dennis Whitson Addition in the Town of Little Elm, County of Denton, State of Texas, and more particularly described on attached **Addendum A** (the "Property").

The Property shall also include Seller's interests in:

- 1) Any and all privileges and appurtenances pertaining to the Property; and
- 2) Leases, licenses, occupancy agreements, permits, and rents with respect to the Property (if any), or any portion thereof.

Seller also releases all underground water, oil, gas and other mineral rights.

TERMS AND CONDITIONS

For the mutual covenants contained in this Agreement, Seller agrees to convey the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the following terms and conditions:

- 1) **PURCHASE PRICE:** The total purchase price for the Property is **Four Hundred Eighty Thousand Dollars, \$480,000.00** (the "Base Purchase Price"). Additionally and pursuant to Paragraph 23, (C) below, a portion of this transaction will be in cash (the "Net Cash Purchase Price") and a portion will be in exchange for the Buyer extending and running an ATMOS natural gas line through the Property and other portions of Buyer's property, which, after Closing, will include this parcel, and provide termination points for use by future developments located outside the boundaries of Buyer's property, the location of the pipeline is as initially shown on the attached **Addendum B** (although this is a preliminary drawing of an expected route and may be changed by Buyer except if such change, without Seller's consent, excludes, connection points to off-site non-Buyer parcels.
- 2) **EARNEST MONEY DEPOSIT:** On or before the date that is three (3) business days after the Effective Date of this Agreement (as defined in Paragraph 18 below), Buyer shall deposit **Five Thousand Dollars, (\$5,000.00)** in the form of a certified check, cashier's check or wire transfer as the earnest money deposit ("Deposit") to be held in trust for the benefit of the parties by Integrity Land Title, LLC, 361 W. Byron Nelson Blvd., Ste. 100, Roanoke, TX 76262, Attn: Stephanie Mooney; Tel 817-968-7905; Email: steph@integritylt.com ("Title Company") in its capacity as escrow agent in one or more fully insured and interest bearing accounts of Federally insured banking or savings institution(s), pursuant to the terms of this Agreement. This sum, any additions thereto, and any interest earned thereon is the Deposit to be applied to the Purchase Price.

With the removal of the contingency set forth in paragraph 4 hereof, the Deposit shall become non-refundable and shall be released by the Title Company to Seller. If the Closing occurs, the entire Deposit shall be credited to the Net Purchase Price. If the purchase of the Property is not consummated according to the terms of this Agreement, the Deposit will be retained by Seller or delivered to Buyer as set forth in this Agreement. If Buyer fails to timely deliver the Deposit, Seller may, at Seller's option and as its sole remedy, terminate this Agreement by delivering a written termination notice to Buyer.

- 3) **CLOSING DATE:** The closing of the sale will be on or before December 20, 2021 (the "Closing Date"). The Closing Date may, occur before December 20 with approval of the parties and, the Closing Date may be extended to a date on or before December 27, 2021, if Buyer notifies Seller in writing on or prior to December 20, that Buyer needs additional time to coordinate the multiple tract closing. If either party fails to close by the Closing Date, the non-defaulting party may exercise the remedies in Paragraph 10.
 - (A) At closing, Seller will execute and deliver, at Seller's expense, a special warranty deed. The deed will include a vendor's lien if any part of the Purchase Price is financed. The deed will convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 4 or other provisions of this Agreement. Seller will convey the Property at closing:
 - (1) with no liens, assessments, or Uniform Commercial Code or other security interest against the Property which will not be satisfied out of the Purchase Price, unless the Buyer is assuming existing loans;
 - (2) without any assumed loans in default; and
 - (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer (if any).

- (B) At closing, Seller, at Seller's expense, will be responsible for the payoff of any loans or liens on the Property, its attorney's fees and costs and any prorations. At Closing, Seller will deliver exclusive possession of the Property to Buyer.
- (C) At closing, Buyer will:
- (1) pay the Net Cash Purchase Price in good funds acceptable to the escrow agent (see the calculation method is Section 23(C) below;
 - (2) pay all other closing costs (except for matters set forth in Paragraph 3(B) above), fees and costs of Seller's attorney) including, without limitation, broker's fees, the cost of the survey, cost of the Owner and Loan title insurance policies and all endorsements, rollback taxes and interest thereon (if any), its lender's fees and costs, courier fees, and recording fees, and all escrow fees.
 - (2) deliver evidence that the person executing this Agreement is legally capable and authorized to bind Buyer;
 - (3) execute and deliver any notices, statements, certificates, or other documents required by this Agreement or law necessary to close the sale.
- (D) **PRORATIONS:** Real property taxes shall be prorated as of the Closing Date, based on the most current information available from the tax appraisal office for the Property..

4) TITLE:

- (A) **TITLE INSURANCE POLICY:** Within two (2) business days after the Effective Date of this Agreement, Buyer shall furnish or cause to be furnished, at Buyer's expense, to Seller a commitment for a standard Texas owner's policy of title insurance ("Commitment") together with legible copies of the items listed as Title Exceptions therein. Buyer authorizes the title company to deliver the Commitment and related documents to Seller at Seller's address.
- (B) **SURVEY:** Buyer has received a preliminary draft of the Survey of the Property. Within three (3) business days following receipt of the later of the Commitment, legible copies of the exception documents and the Survey, Buyer shall specify in writing any exceptions to which Buyer reasonably objects. If Buyer fails to object within this time period, all of Buyer's objections shall be deemed to be waived. If Buyer makes a timely objection in writing, Seller shall, have until the last business day before Closing, at Seller's option, but without obligation, to cure the objections to the Commitment and Survey allowing the Title Company and the surveyor to modify their respective documents.. If all timely objections have not been cured or removed from the Commitment and Survey by the Closing Date, Buyer may, at its option, by written notice to Seller, terminate this Agreement. If Buyer does not timely terminate this Agreement, Buyer will be deemed to have accepted all exceptions which have not been cured or removed from the Commitment and Survey. If Buyer timely terminates this Agreement, the Deposit and all interest accrued thereon will be returned to Buyer, and neither party will have any liability to the other party.

5) MATERIAL FACTS:

Seller has no actual knowledge of any pending litigation or condemnation affecting the Property nor has Seller received any written notice that any condition on the Property violates any law.

6.1) DELIVERABLES: Intentionally deleted..

6.2) INSPECTIONS: Buyer has completed its inspection of the Property.

6.3) Intentionally deleted.

6.4) Intentionally deleted

6.5) CHANGE OF ZONING – ACCEPTABLE ENTITLEMENTS: Buyer has obtained acceptable zoning and other entitlements with respect to the future use of the Property.

7) "AS IS" CONDITION OF PROPERTY: THE CONVEYANCE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS WHERE IS" AND "WITH ALL FAULTS" BASIS, AND BUYER EXPRESSLY ACKNOWLEDGES THAT, FOR THE CONSIDERATION RECITED HEREIN, EXCEPT FOR THE SPECIAL WARRANTY OF TITLE GIVEN ABOVE, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY AND SPECIFICALLY DISCLAIMS ANY REPRESENTATION, WARRANTY OR GUARANTY WITH RESPECT TO THE PROPERTY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY AS TO THE PROPERTY'S CONDITION, FITNESS FOR A PARTICULAR PURPOSE, QUALITY, FREEDOM FROM DEFECTS OR CONTAMINATION (WHETHER OR NOT DETECTABLE BY INSPECTION), COMPLIANCE WITH ZONING OR OTHER LEGAL REQUIREMENTS OR AS TO THE AVAILABILITY OR EXISTENCE OF ANY UTILITY OR OTHER GOVERNMENTAL OR PRIVATE SERVICES OR AS TO THE AMOUNT OF TAXES ASSESSED TO THE PROPERTY. BUYER, ON BEHALF OF ITSELF AND ALL FUTURE OWNERS AND OCCUPANTS OF THE PROPERTY, HEREBY WAIVES AND RELEASES SELLER FROM ANY CLAIMS FOR RECOVERY OF COSTS ASSOCIATED WITH CONDUCT OF ANY VOLUNTARY ACTION OR ANY REMEDIAL RESPONSES, CORRECTIVE ACTION OR CLOSURE UNDER ANY APPLICABLE FEDERAL, STATE OR

LOCAL ENVIRONMENTAL LAWS. THIS SECTION 7 SHALL BE INCLUDED IN THE DEED.

- 8) **RISK OF LOSS:** Risk of loss to the Property shall be borne by Seller until title has been conveyed to Buyer except to the extent of any loss or damage caused by the acts of Buyer or its agents, employees, contractors, representatives, or invitees. Because of the existence and condition of the improvements, if any, on the Property are immaterial to Buyer's decision to purchase the Property, damage to or destruction of the improvements on the Property shall not excuse Buyer's performance of its obligations under this Agreement. Seller shall not be required to repair and restore any damage to the Property and any improvements for which Seller has the risk of loss prior to the Closing. The provisions of this Section 8 shall govern notwithstanding any contrary provisions of Section 5.007 of the Texas Property Code.
- 9) **CONDEMNATION:** By notice to Buyer given within ten (10) days after Seller receives official notice that proceedings in eminent domain affecting a material portion of the Property have been instituted by any body having the power of eminent domain, and if necessary the Closing Date shall be extended to give Buyer a period of twenty (20) days to make such election, Buyer may: (a) terminate this Agreement and the Deposit shall be immediately returned to Buyer without necessity of obtaining any consent or release by Seller; or (b) proceed under this Agreement, in which event Seller shall, at the Closing, assign to Buyer its entire right, title and interest in and to any condemnation award. The provisions of this Section 9 shall govern notwithstanding any contrary provisions of Section 5.007 of the Texas Property Code.
- 10) **DEFAULT:**
- (A) If Buyer fails to comply with this Agreement, Buyer is in default and Seller may terminate this Agreement and receive the Deposit as liquidated damages, as its sole remedy.
- (B) If Seller fails to comply with this Agreement, Seller is in default and Buyer may either:
- (1) terminate this Agreement and receive the Deposit, less any independent consideration under Paragraph 6.3, as liquidated damages, thereby releasing the parties from this Agreement; or
- (2) enforce specific performance, as its sole remedies.
- 11) **ESCROW:**
- (A) At closing, the Deposit will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer.
- (B) If both parties make written demand for the Deposit, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties.
- (C) If one party makes written demand for the Deposit, escrow agent will give notice of the demand by providing to the other party a copy of the demand. If escrow agent does not receive written objection to the demand from the other party within 30 days after the date escrow agent sent the demand to the other party, escrow agent may disburse the Deposit to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the Deposit and escrow agent may pay the same to the creditors.
- (D) Escrow agent will deduct any independent consideration under Paragraph 6.3 before disbursing any Deposit to Buyer and will pay the independent consideration to Seller.
- (E) If escrow agent complies with this Paragraph 11, each party hereby releases escrow agent from all claims related to the disbursement of the Deposit.
- (F) Notices under this Paragraph 11 must be sent by certified mail, return receipt requested, or by fax.
- 12) **ROLLBACK TAXES:** N/A
- 13) **BROKERS:** There are brokers involved in the sale of the Property. Seller represents that it has not contracted with a broker with respect to this transaction and, notwithstanding any limitation set forth in Paragraph 3(C) and 3(D), Section will indemnify, defend and hold Buyer harmless from any fees owed to brokers that it has contracted with regarding this transaction. Seller's indemnity shall survive the cancellation or closing of this Agreement. Seller shall pay its broker at Closing and shall indemnify defend and hold Seller harmless for, from and against any loss, cost or expense, including, but not limited to, reasonable attorney's fees and court costs resulting from any claim for a fee or commission by any broker or finder claiming by or through the indemnifying party (the "Brokerage Indemnity"). This Brokerage Indemnity shall survive the cancellation or closing of this Agreement.
- 14) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and assigns of the parties hereto.
- 15) **ATTORNEYS' FEES:** In any dispute arising out of this Agreement or the transaction contemplated herein, the prevailing party shall be entitled to recover its reasonable attorneys' fees, experts' fees and costs, including costs of arbitration or other legal proceeding, in addition to any other relief to which that party may be entitled.

16) **TIME:** Time is of the essence of this Agreement. The parties require strict compliance with the times for performance. If the last date to perform under a provision of this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance is extended until 5:00 p.m. the next day which is not a Saturday, Sunday or legal holiday.

17) **FOREIGN INVESTOR DISCLOSURE:** Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out the provisions of the Foreign Investment in Real Property Tax Act (FIRPTA) and regulations promulgated thereunder.

18) **ACCEPTANCE AND EFFECTIVE DATE:** The "Effective Date" of this Agreement for the purpose of performance of all obligations is the date the escrow agent receives this Agreement after all parties execute this Agreement.

This Agreement may be executed in counterparts, and transmitted by facsimile by and to the parties, and each such counterpart shall be deemed an original, and all of them together shall constitute a single instrument.

19) **GOVERNING LAW:** This Agreement shall be construed under and governed by the laws of the State of Texas and, unless otherwise provided herein, all obligations of the parties hereunder are to be performed in Denton County where the Property is located.

20) **INTEGRATION AND SURVIVAL:** This Agreement contains the entire understanding and agreement between Buyer and Seller concerning the subject matter herein, and supersedes any and all prior agreements, understandings, promises and representations, whether written or oral, between the Buyer and Seller, concerning the subject matter hereof. There are no other understandings, oral or written, which in any way alter or enlarge the terms of this Agreement, and there are no warranties or representations with respect to the Property or this Agreement of any nature whatsoever, either express or implied, except as set forth herein. Should any provision of this Agreement or portion thereof be deemed illegal, invalid or otherwise unenforceable, then to the maximum extent permitted by law, the remainder of the Agreement shall remain valid and binding as between the parties.

21) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing (with a copy to Agent) at their respective addresses as set forth below, unless otherwise agreed by the parties. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or holiday, the time for performance shall be extended to 5:00 p.m. the next business day. All notices between Buyer and Seller must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, sent via a nationally recognized overnight carrier, or sent by facsimile transmission to the parties' addresses set out as follows:

Seller: Town of Little Elm
Name: Matt Mueller, Town Manager
Address: 100 W. El Dorado Pkwy.
City, State, Zip: Little Elm, TX 75068
Phone: 817.975.0405
Fax: 972.377.5540
Email: mmueller@littleelm.org

Buyer: Integrity Group, LLC or Assigns
Name: John Delin, Managing Member
Address: 361 W. Byron Nelson Blvd Ste 104
City, State, Zip: Roanoke, TX 76262
Phone: 817.252.4281
Fax: 817.430.3318
Email: john@integritygroups.com

22) **AGREEMENT AS OFFER.** The execution of this Agreement by the first party constitutes an offer to purchase or sell the Property. Unless, within Five (5) days after the date of execution of this Agreement by the first party, this Agreement is accepted by the other party by signing the offer and delivering a fully executed copy to the first party or Title Company, the offer of this Agreement will be deemed automatically withdrawn, and the Deposit, if any, will be promptly returned to Buyer.

23) **SPECIAL PROVISIONS.**

(A) Closing to occur simultaneously with the adjacent BKDK tract.

- (B) Prior to the Closing Date, Seller and Buyer will work to draft a Developers Agreement (DA) stipulating the terms of this Agreement as well as conditions to be defined as to the construction of the ATMOS gas line (see "(C)" below for a more detailed description) generally pursuant to the concept plan attached as Addendum B (it is Buyer's current intention to cause the gas line to be completed during Buyer's work in its first phase of the development, but with notice to Seller, Buyer may extend the timing on the portions of the Pipeline serving other properties so long as that or those portions of the Pipeline are completed prior to the time that an adjoining user to which Buyer was intending to provide the service is required to have it for its project. The DA may also include agreements about the improvements of Hill Lane, impact fee credits being credited to Buyer, and any other pertinent details as to the Ladera proposed project.
- (C) Seller and Buyer shall sell and accept the Property for the Base Purchase Price; however, at closing, the Base Purchase Price shall be offset by the estimated cost of construction (inclusive of all hard and soft costs) of the entire ATMOS 8" gas pipeline (the "Pipeline") that will transit the Property (as well as portions of the Buyer's remaining property) generally as shown on Addendum B. A good faith estimate of the construction costs shall be provided to Seller by Buyer by a written estimate (the "Estimated Construction Costs"). At closing, Buyer shall pay to Seller the Net Purchase Price (being the Base Purchase Price less the Estimated Construction Costs that have been agreed to) in good funds, but the parties agree that while the Base Purchase Price will not change, the Net Purchase Price and the Estimated Construction Costs are anticipated to change, but such change will be subject to a true-up adjustment after actual construction costs are known.
- (D) The Pipeline shall be constructed to provide natural gas service to Buyer's proposed development as well as to third party owners and lessees located outside the boundaries of Buyer's proposed development. After Closing, Buyer shall provide Seller with plans and specifications for the Pipeline (collectively, the "Plans") and shall seek Seller's approval of the Plans. Both parties shall work in good faith to reach agreement on the Plans. Once the total actual costs of construction (inclusive of both "hard" and "soft" costs of construction) of the Pipeline are known (the "Actual Construction Costs"), Buyer shall deliver a written summary of the costs together with back-ups for those costs for Seller's diligent review.

Within five (5) business days after Actual Construction Costs have been agreed to between the Seller and Buyer, Buyer will provide Seller with the final cost summary and the difference between (i) the sum of the Net Cash Purchase price paid by Buyer at Closing plus the Estimated Construction Costs for the Pipeline (such sum equaling \$480,000), and (b) the sum of the Net Cash Purchase Price paid by Buyer at Closing plus the Actual Construction Costs. If the Net Cash Purchase Price plus the Actual Construction Costs are less than \$480,000, Buyer shall pay to Seller, in good funds, the difference between the two sums within thirty (30) days. If the Net Cash Purchase Price Plus Actual Construction Costs exceed \$480,000, Buyer shall absorb excess. This provision survives closing.

- (E) Buyer hereby grants to Seller the right to repurchase the Property (the "Repurchase Right") subject to the following terms and conditions:
- (1) The Repurchase Right is exercisable by Seller only upon the following conditions (i) it is exercisable not earlier than two (2) years after the actual Closing Date; (ii) it is exercisable only in the event that Buyer has not commenced work on the infrastructure of its project (the "Start of Work") on any part of its overall development on or prior to the expiration of the two (2) year period; and (iii) it is only exercisable with respect to the Property and not the remainder of Buyer's development;
 - (2) The exercise of the Repurchase Right shall commence upon the delivery to Buyer (or the then owner of the Property) of written notice that Buyer (or new owner) has not Started Work on any part of Buyer's property, that the Repurchase Right has vested in Seller, that Seller desires to exercise its Repurchase Right with respect to the Property; and naming the Net Cash Purchase Price that Buyer paid at closing, plus or less true-ups pursuant to Paragraph 23(C) above. Seller must exercise its Repurchase Right no earlier than two (2) years after the actual Closing Date, and no later than two (2) years and ninety (90) days after the actual Closing Date (TIME IS OF THE ESSENCE IN THE PERFORMANCE OF THIS REQUIREMENT). If Seller elects to exercise its Repurchase Right prior to the two (2) year anniversary of the actual Closing Date, such exercise is deemed to be moot and ineffective and an additional, timely notice of exercise must be given. If Seller has not properly exercised its Right of Repurchase on or before two (2) years and ninety (90) day plus after the actual Closing Date, SELLER IS DEEMED TO HAVE WAIVED ANY RIGHT TO REPURCHASE THE Property.
 - (3) If Buyer accepts the calculation of the Net Cash Purchase Price that Seller will pay for the Property, it shall proceed with the transaction; if Buyer disputes the calculation of the Net Cash Purchase Price that Seller will pay for the Property, the parties shall meet and determine an accurate amount to be paid for the Property pursuant to the Repurchase Right.
 - (4) Buyer covenants that it will not encumber the Property except with (i) a lien to a development lender (which Buyer will cause to be released at the closing of the Repurchase Right; and (ii) easements and other matters of record that are normal in the development relating to an unimproved tract of land.

- (5) Within ten (10) days after approval of the Net Cash Purchase Price to be paid, Buyer shall (i) order a title commitment from a Title Company, (ii) using the form of this Agreement, draft a contract for the sale and purchase of the Property at the Net Cash Purchase Price; and (iii) order an updated survey of the Property. Seller shall have ten (10) days to review the proposed contract and provide any clarifications and changes for Buyer's review. Buyer shall have ten (10) days to review the presented contract of sale and provide Seller with Buyer's comments. If Buyer has comments, Seller and Buyer shall meet to discuss resolutions to such comments and, in good faith, reach agreement on the terms and conditions of the sale and the revisions to the contract.
 - (6) The closing date for the transaction is thirty (30) days after execution and delivery of the contract.
 - (7) At closing Seller shall pay the agreed upon Net Cash Purchase Price to Buyer and Buyer shall execute and deliver a special warranty deed to Seller. All taxes will be prorated, all costs shall be allocated to the party that normally pays those costs on contracts for the sale and purchase of unimproved property in Denton County, Texas.
 - (8) Seller may terminate its Repurchase Right and any contract for the sale and purchase of the property at any time prior to the closing date set for the transaction.
 - (9) The Right of Repurchase is personal to Seller and cannot be assigned to any party without the prior written consent of Buyer, such consent being withholdable in Buyer's sole discretion.
- (F)** All services, water, sewer, storm, also including franchise utilities, will be immediately available and adjacent to or located on the Property. Any offsite improvements required by Buyer, will be at Buyers expense. Any seller impact fee credits attributable to the Land, will be credited to Buyer.

Executed below and to be effective as of the Effective Date.

BUYER: LE Ladera, LLC, a Texas limited liability company, OR permitted ASSIGNS

By: Integrity Companies, LLC, a Texas limited liability company, its day-to-day manager

DATE: _____

Telephone: 817.252.4281

Email: john@integritygroups.com

By: _____

Name: John Delin

Title: a Managing Member

DATE: _____

Telephone: _____

Email: _____

SELLER: Town of Little Elm

By: _____

Name: Matt Mueller

Title: Town Manager, Town of Little Elm

TITLE COMPANY RECEIPT: The title company acknowledges receipt of this Agreement on _____ (the Effective Date) and, upon receipt of the Deposit, accepts the Deposit subject to the terms and conditions in this Agreement.

DATE: _____

TITLE COMPANY:

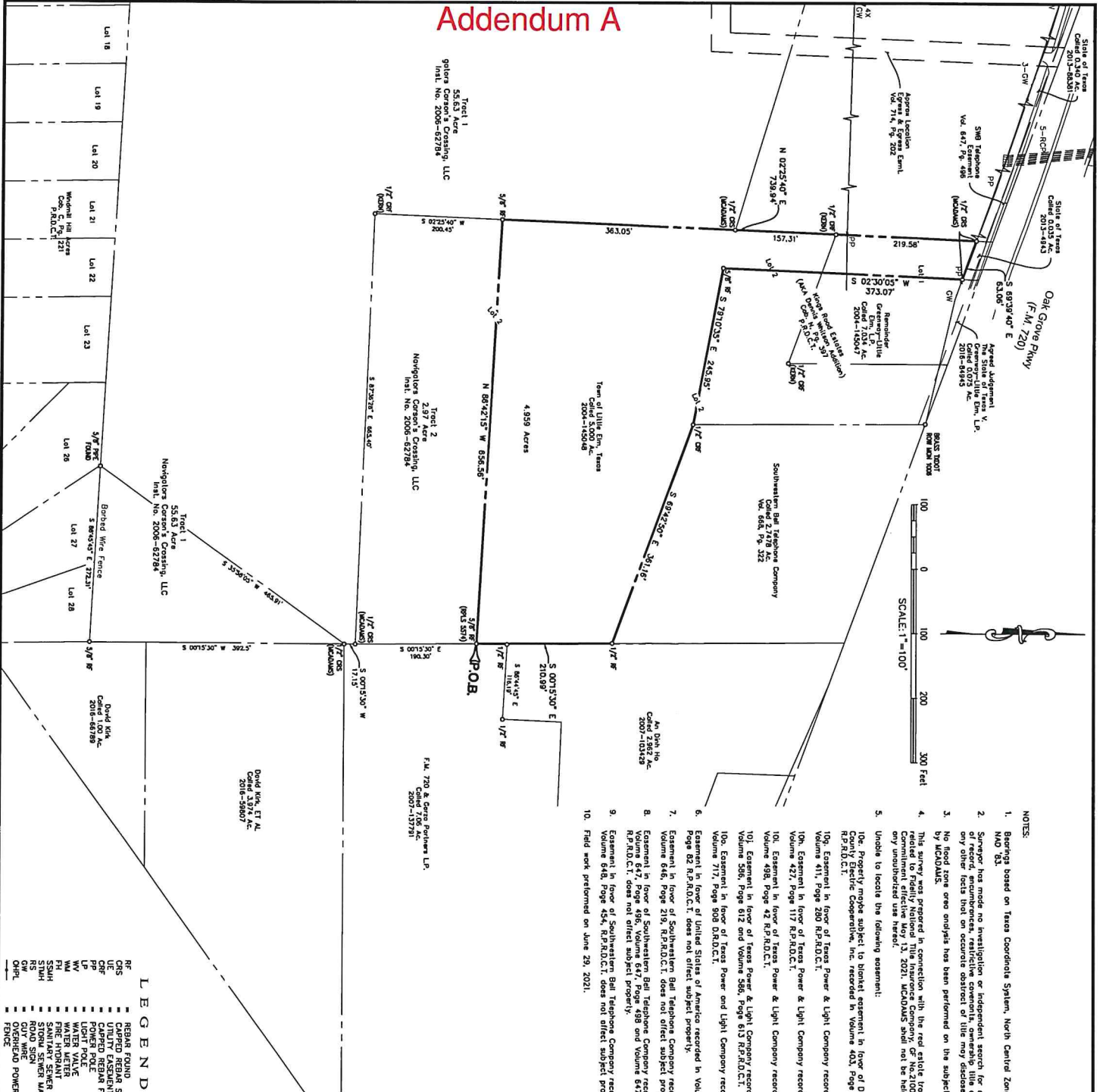
Integrity Land Title, LLC.

By: _____

Name: _____

Title: _____

Addendum A



- NOTES:
1. Boreing based on Texas Coordinate System, North Central Zone (420Z).
- NAD 83.
2. Research has made no investigation or independent search for assumptions of record; instruments/restrictive covenants, ownership title evidence, any other facts that can occur outside of title map database.
3. No field zone area analysis has been performed on the subject property by MCOA/MAS.
4. This survey was prepared in connection with the real estate transaction related to Reddy National Title Insurance Company of NA-20001976M/CN and recorded as Volume 4321, MCOA/MAS shall not be held liable for any unutilized uses hereof.
5. Unable to locate the following easement:
D. Property located adjacent to blanket easement in favor of Denton R.P.D.C.I., Power & Light Company, inc. recorded in Volume 402, Page 391
10. Easement in favor of Texas Power & Light Company recorded in Volume 411, Page 280 R.P.D.C.I.
10. Easement in favor of Texas Power & Light Company recorded in Volume 427, Page 117 R.P.D.C.I.
10. Easement in favor of Texas Power & Light Company recorded in Volume 484, Page 42 R.P.D.C.I. Power & Light Company recorded in Volume 484, Page 412 and Volume 584, Page 810 R.P.D.C.I.
10. Easement in favor of Texas Power and Light Company recorded in Volume 517, Page 888 D.R.O.T.
- Easement in favor of United States of America recorded in Volume 410, Page 40 R.D.C.I.; does not affect subject property.
- Easement in favor of Southwestern Bell Telephone Company recorded in Volume 454, Page 219, R.P.D.C.I.; does not effect subject property.
- Easement in favor of Southwestern Bell Telephone Company recorded in R.P.D.C.I. does not effect subject property.
- Easement in favor of Suburban Real Trakhome Company recorded in Volume 448, Page 454, R.P.D.C.I. does not effect subject property.
- Flood mark determined on June 29, 2021.

LEGEND

RF	REBAR FOUND
CRS	CRAPPED REBAR SET
UE	UTILITY ELEMENT
CRF	CRAPPED REBAR FOUND
PP	POWER POLE
LP	LIGHT POLE
WV	WATER VALVE
WM	WATER MEITER
PH	FIRE HYDRANT
SSM	SANITARY SEWER MANHOLE
STMH	STORM SEWER MANHOLE
NS	ROAD SIGN
GW	GUY WIRE
CHPL	OVERHEAD POWERLINE
—	FENCE

IFC41 DIFFERENTIAL

LEGAL DESCRIPTION

[illegible]

SURVEY PLAT

4.959 Acres

DAVID M. CULE SURVEY, ABSTRACT NO. 226

DENTON COUNTY, TEXAS



MCA DAMS

**The John R. McAdams
Company, Inc.**
111 Hillside Drive
Lewisville, Texas 75057
972.436.9712

**201 Country View Drive
Roanoke, Texas 76262
940.240.1012**

TBPE: 19762 TBPLS: 101944444
WWW.GRCON.COM

DRAWN BY: SP DATE: 08/10/2021 SCALE: 1"=100' JOB. No.
 INTEGRITYGRP
 2020310474

ADDENDUM B

PROPOSED ATMOS ROUTES



Development Plan
Ladera Little Elm
58.50 Acres

Town of Little Elm
Denton County, Texas

Residential Summary				
Dwelling Type	Dwelling Dimensions	Max Height	Dwellings	% of Dwellings
1	44.5'X80'	2 Stories/35'	45	17%
2	42'X77'	2 Stories/35'	65	25%
3	42'X70'	2 Stories/35'	66	25%
4	54'X60'	2 Stories/35'	36	14%
5	64'X50'	2 Stories/35'	19	7%
6	36'X59'	2 Stories/35'	32	12%
Total			263	100%

* Dwelling Count and placement is subject to change.

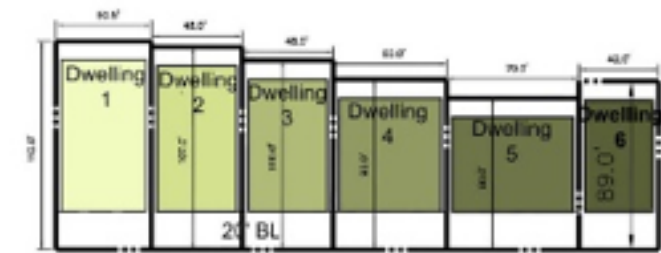
** Model Home Designation

Gross Density	4.49 du/ac

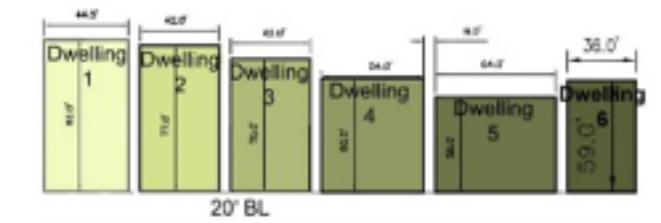
Gross Acreage	58.50

Net Density	4.70 du/ac

Net Acreage (ROW, Powerline, and ROW to Hwy 720)	55.95



Lot Detail



Dwelling Detail



The John R. McNamee
Company, Inc.
1111 N. 80th Ave.
Levellille, Texas 75057
870-438-8712

201 Country View Drive
Marathon, Texas 79622
849-240-1112

TELEX: 190512 TSPLO-1044000
www.garmin.com
www.mcnamee.com



100 0 100 200 300 Feet

[illegible]

TM APPRAISAL ASSOCIATES

Real Estate Appraisers & Consultants

101 S. Locust, Ste. 600

P.O. Box 158

Denton, Texas 76202

Phone: (940) 243-2387 Fax: (940) 243-5352

tommy@tma-appraisal.com www.tma-appraisal.com

TMA File #: A-6223

This is an Appraisal Report intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the USPAP. The report presents practical explanations of the data, reasoning, and analysis incorporated in the appraisal process to develop the opinion of value, and includes descriptions of the subject property, the regional and local property market, and the opinion of highest and best use. The firm is not responsible for unauthorized use of this report.

Specific/extraordinary assumptions and/or hypothetical conditions utilized in the value opinion:

- ◆ *It is a specific assumption of this report that the subject has no environmental or structural conditions which could adversely affect its marketability or market value.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by a flood hazard area or drainage area other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the land and/or building size reported for the subject are sufficiently correct as to not adversely affect the value opinion.*
- ◆ *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.*
- ◆ *It is a specific assumption of this report that the intended usage meets or exceeds the specifications set forth by any applicable zoning ordinance.*

CLIENT: **Integrity Group**

SUBJECT PROPERTY: 4.959 Acres of Vacant Land "As Is"
Located at TBD FM 720/Oak Grove Pkwy.
Little Elm, Texas 75068

DATE OF REPORT: November 3rd, 2021

DATE OF VALUE: November 1st, 2021

INTENDED USE: Purchase Consideration Purposes

INTENDED USER: **Integrity Group**
c/o John Delin
361 W. Bryon Nelson Blvd., Suite 104
Roanoke, Texas 76262
(817) 919-8111
John@integritygroups.com

DEFINITION OF 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:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised
- c. a reasonable time is allowed for exposure in the open market
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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

PURPOSE OF APPRAISAL

Estimate the market value of the fee simple interest of the subject property in “as is” condition as of the date(s) of value subject to the Assumptions and Limiting Conditions set forth herein.

SCOPE OF WORK

Conduct a visual survey of the subject, regional area and market area. Analyze secondary data sources to assist in assessing market conditions, zoning and tax information in the market area. Estimate the highest and best use of the property. Research market data of comparable properties confirmed by participants in the regional market area. Develop a credible opinion of the defined value for the subject property utilizing the applicable approaches to value. Present the opinion in the appropriate format.

COMPETENCY OF APPRAISERS

Tracy Runnels has been active in real estate appraisal in North Texas since 2005. She obtained her Texas Certified General Real Estate Appraiser’s license in 2008. She has 16 years of experience with Tommy Marshall & Associates and has appraised properties throughout North Central Texas. Her expertise and competency encompass 15+ years of appraisal in churches, manufacturing, single and multi-family residential, hotel/motel, farm/ranch, industrial, retail, and office buildings.

Tommy Marshall has been in real estate appraisal since 1984, and has experience with a variety of property types in Texas and Oklahoma including golf courses, resorts, churches, manufacturing plants and rural water Co-Ops. Other property types include multi-family residential, commercial and residential subdivisions, hotel/motel, farm/ranch, industrial, retail, and office buildings.

¹ Federal Reserve System, 12 CFR Part 225, FDIC 12 CFR 323 and OCC 12 CFR 34

SECTION A

SUBJECT PROPERTY OVERVIEW

EXECUTIVE SUMMARY

TMA File #: A-6223

Property Type: 4.959 Acres of Vacant Land
“As Is”

Address: TBD FM 720/Oak Grove Pkwy
Little Elm, Texas 75068

County/State: Denton County/Texas

Location: South side FM 720/Oak Grove Pkwy,
West of Edgewood Place

Legal Description: 4.959 Acres David M. Cule
Survey, Abstract 226

Date of Report: November 3rd, 2021

Date of Value: November 1st, 2021

Estimated Marketing Time: 12 Months



Purpose of Appraisal: Estimate the market
value of the fee simple interest in the subject in
“as is” condition

Appraisers: Tommy Marshall, Principal
Tracy Runnels, Associate

SITE DATA

Land Area (Acres): 4.959 (216,014 SF +/-)

Zoning: LC- Light Commercial; Town of Little Elm

Shape: Generally Flag Shaped

Road Frontage: 63’ South side FM 720/Oak Grove Pkwy

Topography: Generally Level

Soil Conditions: Assumed adequate; rely on geo-technical report

Utilities: All available to site

Flood Plain: Not adversely affected, FEMA Map 48121C0415G, April 18, 2011

Highest and Best Use: Hold for development

VALUE CONCLUSION

\$480,000 “AS IS”

PHOTOGRAPHS OF SUBJECT PROPERTY



SUBJECT SITE VIEW 1



SUBJECT SITE VIEW 2



SUBJECT SITE VIEW 3



SUBJECT SITE/STREET VIEW 1



SUBJECT STREET VIEW 2

HISTORY OF THE SUBJECT PROPERTY

As required by the Code of Professional Ethics and Standards of Professional Appraisal Practice established by the Appraisal Institute, the appraisal report must consider and analyze any current agreement of sale, options, listings, and any prior sales within the past three years. This analysis should reasonably disclose and verify:

- a. Grantor(s) - Grantee(s)
- b. Sale Date(s)
- c. Sale Price(s) and terms of financing, discounting the sale to a cash equivalent, when necessary.
- d. Any interrelated parties to each transaction.

The subject history is reported in compliance with USPAP and no other pertinent information is known other than is reported below. The history should not be used in lieu of a title search and is not a guarantee to the chain of title. A title policy which should detail any easement and/or deed restriction was not provided. *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.*

=====

According to the Denton Central Appraisal District, the title to the subject is currently held in the name of the Town of Little Elm, who has owned the subject site since obtaining ownership of it for an undisclosed sum on November 8, 2004, from Greenway-Little Elm, LP. The current owner has maintained ownership of the property for a period exceeding three years. The subject is not currently known to be listed for sale or lease.

No additional sales or transfers are recorded with the Denton CAD for the three year FIRREA required reporting period.

The subject property is currently the subject of a letter of intent (see addenda) to enter into a contract to purchase the subject 4.956 acres from the Town of Little Elm by Integrity Group, LLC, for \$479,261.05 (\$2.22/SF of gross land area) with the agreement that the buyer will run Atmos gas lines to the property adjacent to the south with termination points provided for future connection to adjoining properties to support further development on this side of FM 720/Oak Grove Pkwy. The purchase price total is noted to be split by deducting the actual cost of running the Atmos gas lines from the total purchase price and the difference is to be paid in cash to the city.

SECTION B

SUBJECT PROPERTY ANALYSIS

MARKET AREA ANALYSIS

The subject market area is considered to be the Town of Little Elm, City of Oak Point, and surrounding areas of unincorporated Denton County. The market area boundaries are generally described as US 380/E. University Drive to the north, Lake Lewisville Toll Bridge/W. Eldorado Pkwy. to the south, and Lake Lewisville inlets to the east and west. The market area is part of the Dallas Consolidated Metropolitan Statistical Area (CMSA). Major arterial routes, two major universities, and proximity to the CMSA are the primary economic generators for the area. The following detail statistics are for Denton County overall and the City of Denton, the county seat.

Population	2000	2010	% Change
City	80,537	113,383	40.8%
County	432,976	662,614	53.0%
United States	281,421,906	309,349,689	9.9%
Median Household Income	2000	2010	% Change
City	\$35,422	\$44,376	25.3%
County	\$58,216	\$67,892	16.6%
United States	\$41,994	\$50,046	19.2%
Median Home Value	2000	2010	% Change
City	\$103,800	\$147,400	42.0%
County	\$133,200	\$179,800	35.0%
United States	\$119,600	\$185,400	55.0%

The market area has a mix of older agricultural development and newer residential and commercial development near major roadways. Commercial, retail, and residential development is occurring and no external adverse conditions are noted in the market area or in close proximity to the subject property. The market area appears to be in the growth phase of the real estate market and continued growth is anticipated in the future. The subject's immediate market area is approximately 70% developed and in the growth stage of the real estate cycle. Development and redevelopment is ongoing and land uses consist of a mix of commercial/retail, light industrial, single and multi-family residential, community/municipal, agricultural, recreational uses, and vacant land. No external adverse conditions were noted in the market area.

SITE ANALYSIS

The subject site consists of 4.959 (243,871 SF +/-) of gross land area "as is". The subject site has no known street address on FM 720/Oak Grove Parkway in the Town of Little Elm. The site is located on the south side of FM 720/Oak Grove Parkway west of Edgewood Place and north of W. Eldorado Parkway in the eastern portion of Denton County. FM 720/Oak Grove Parkway is a primary arterial route connecting US 380/University Drive to W. Eldorado Parkway. The site has approximately 63 foot of frontage on the south side of FM 720/Oak Grove Parkway, a six lane concrete paved, median divided street with turn lanes, which provides average to above average visibility and exposure for commercial usage.

The subject is legally described as 4.959 Acres David M. Cule Survey, Abstract 226, Denton County, Texas. The site is generally flag shaped and at street grade being generally level. The site depth-to-frontage ratio is adequate for small commercial and/or residential usage. The subject site offers below average visibility and access due to the 63 ft. of road frontage and bulk of the site being set back approximately 375 ft. from the road. Ingress/egress is considered adequate. The subject site is served by all municipal utilities.

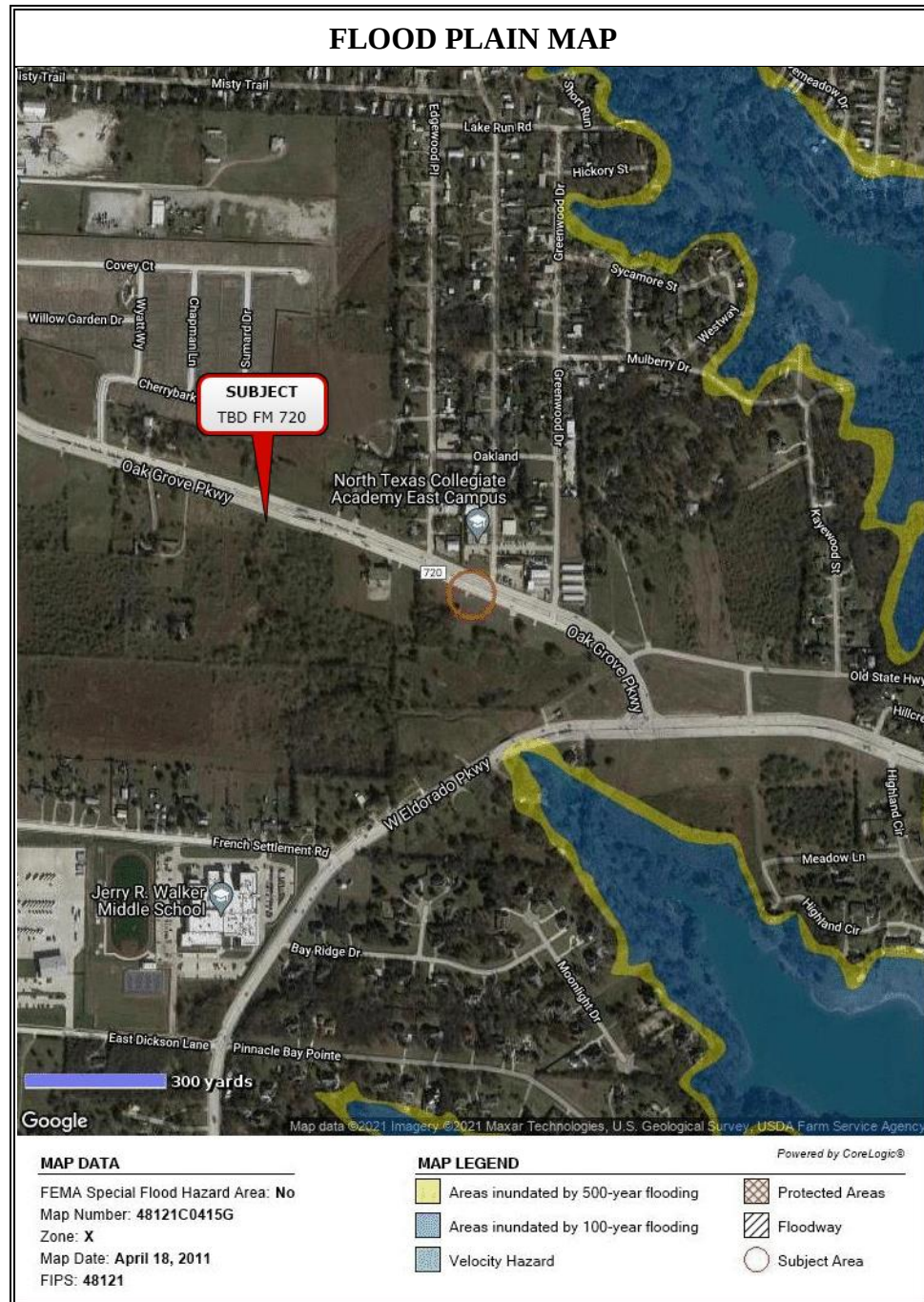
A survey was provided, is the source of the land area and is specifically assumed correct. The subject site is assumed to have typical utility and right of way easements along the site border with the street. No adverse easements are noted on the survey. Overhead telephone lines are noted with associated electric easements. No adverse external influences were observed in the immediate area.

No known adverse easements or encroachments are noted at the subject site. *It is a specific assumption of this report that the subject is not adversely affected by encroachment, easement, or restriction other than is indicated in this report.* Surrounding land uses consist of vacant land, small commercial/light industrial uses, single family residences, municipal/community, and recreational uses. The site area is presented on the following pages.

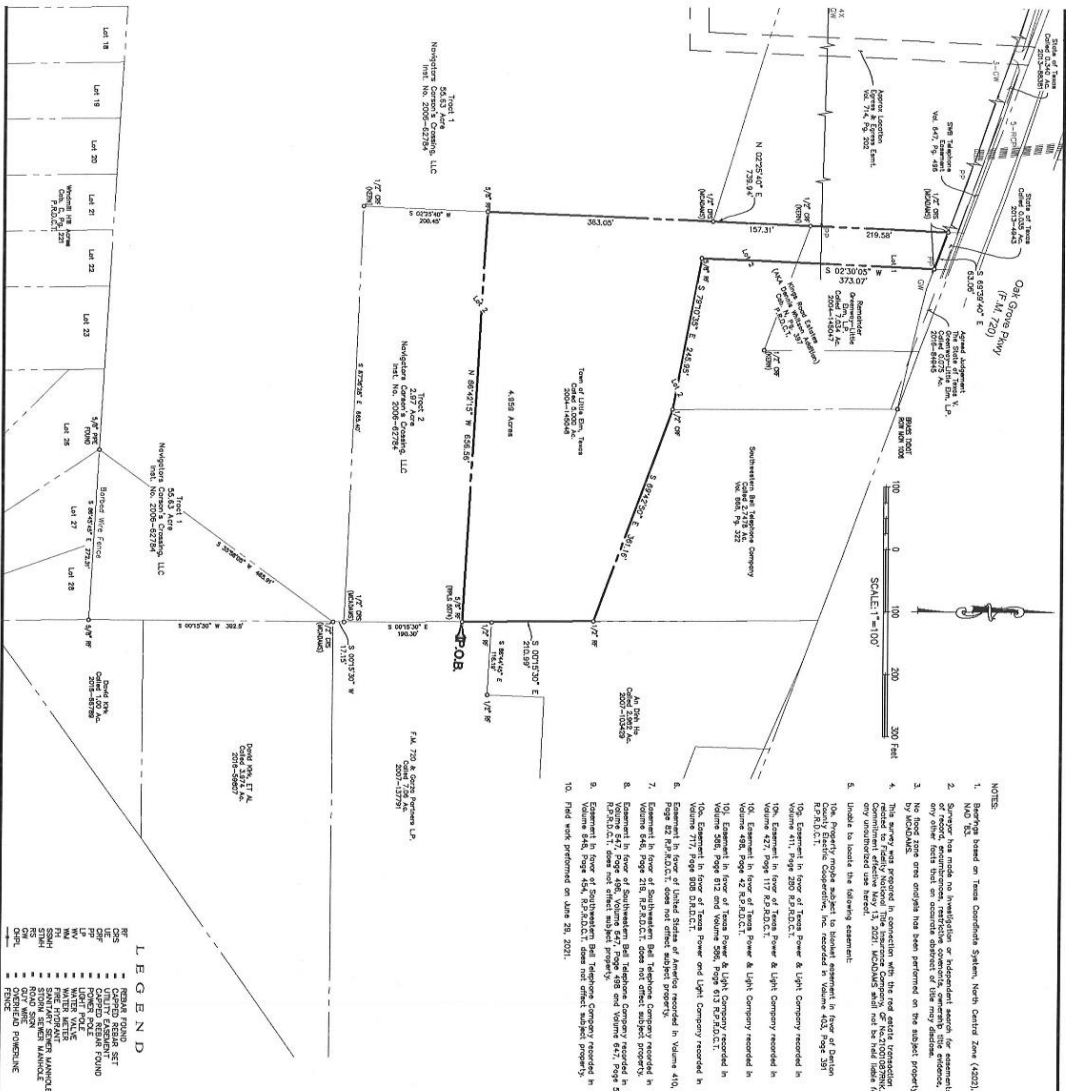
AERIAL PHOTO/PLAT MAP

This aerial photograph overlaid with a plat map shows a residential neighborhood. A major road, likely a highway, runs diagonally from the upper left towards the lower right. To the left of this road, several large lots are outlined in yellow, with lot numbers such as 44074, 44075, 44076, 44077, 44078, 44079, 44080, 44081, 44082, 44083, 44084, 44085, 44086, 44087, 44088, 44089, 44090, 44091, 44092, 44093, 44094, 44095, 44096, 44097, 44098, 44099, 44100, 44101, 44102, 44103, 44104, 44105, 44106, 44107, 44108, 44109, 44110, 44111, 44112, 44113, 44114, 44115, 44116, 44117, 44118, 44119, 44120, 44121, 44122, 44123, 44124, 44125, 44126, 44127, 44128, 44129, 44130, 44131, 44132, 44133, 44134, 44135, 44136, 44137, 44138, 44139, 44140, 44141, 44142, 44143, 44144, 44145, 44146, 44147, 44148, 44149, 44150, 44151, 44152, 44153, 44154, 44155, 44156, 44157, 44158, 44159, 44160, 44161, 44162, 44163, 44164, 44165, 44166, 44167, 44168, 44169, 44170, 44171, 44172, 44173, 44174, 44175, 44176, 44177, 44178, 44179, 44180, 44181, 44182, 44183, 44184, 44185, 44186, 44187, 44188, 44189, 44190, 44191, 44192, 44193, 44194, 44195, 44196, 44197, 44198, 44199, 44200, 44201, 44202, 44203, 44204, 44205, 44206, 44207, 44208, 44209, 44210, 44211, 44212, 44213, 44214, 44215, 44216, 44217, 44218, 44219, 44220, 44221, 44222, 44223, 44224, 44225, 44226, 44227, 44228, 44229, 44230, 44231, 44232, 44233, 44234, 44235, 44236, 44237, 44238, 44239, 44240, 44241, 44242, 44243, 44244, 44245, 44246, 44247, 44248, 44249, 44250, 44251, 44252, 44253, 44254, 44255, 44256, 44257, 44258, 44259, 44260, 44261, 44262, 44263, 44264, 44265, 44266, 44267, 44268, 44269, 44270, 44271, 44272, 44273, 44274, 44275, 44276, 44277, 44278, 44279, 44280, 44281, 44282, 44283, 44284, 44285, 44286, 44287, 44288, 44289, 44290, 44291, 44292, 44293, 44294, 44295, 44296, 44297, 44298, 44299, 44300, 44301, 44302, 44303, 44304, 44305, 44306, 44307, 44308, 44309, 44310, 44311, 44312, 44313, 44314, 44315, 44316, 44317, 44318, 44319, 44320, 44321, 44322, 44323, 44324, 44325, 44326, 44327, 44328, 44329, 44330, 44331, 44332, 44333, 44334, 44335, 44336, 44337, 44338, 44339, 44340, 44341, 44342, 44343, 44344, 44345, 44346, 44347, 44348, 44349, 44350, 44351, 44352, 44353, 44354, 44355, 44356, 44357, 44358, 44359, 44360, 44361, 44362, 44363, 44364, 44365, 44366, 44367, 44368, 44369, 44370, 44371, 44372, 44373, 44374, 44375, 44376, 44377, 44378, 44379, 44380, 44381, 44382, 44383, 44384, 44385, 44386, 44387, 44388, 44389, 44390, 44391, 44392, 44393, 44394, 44395, 44396, 44397, 44398, 44399, 44400, 44401, 44402, 44403, 44404, 44405, 44406, 44407, 44408, 44409, 44410, 44411, 44412, 44413, 44414, 44415, 44416, 44417, 44418, 44419, 44420, 44421, 44422, 44423, 44424, 44425, 44426, 44427, 44428, 44429, 44430, 44431, 44432, 44433, 44434, 44435, 44436, 44437, 44438, 44439, 44440, 44441, 44442, 44443, 44444, 44445, 44446, 44447, 44448, 44449, 44450, 44451, 44452, 44453, 44454, 44455, 44456, 44457, 44458, 44459, 44460, 44461, 44462, 44463, 44464, 44465, 44466, 44467, 44468, 44469, 44470, 44471, 44472, 44473, 44474, 44475, 44476, 44477, 44478, 44479, 44480, 44481, 44482, 44483, 44484, 44485, 44486, 44487, 44488, 44489, 44490, 44491, 44492, 44493, 44494, 44495, 44496, 44497, 44498, 44499, 44500, 44501, 44502, 44503, 44504, 44505, 44506, 44507, 44508, 44509, 44510, 44511, 44512, 44513, 44514, 44515, 44516, 44517, 44518, 44519, 44520, 44521, 44522, 44523, 44524, 44525, 44526, 44527, 44528, 44529, 44530, 44531, 44532, 44533, 44534, 44535, 44536, 44537, 44538, 44539, 44540, 44541, 44542, 44543, 44544, 44545, 44546, 44547, 44548, 44549, 44550, 44551, 44552, 44553, 44554, 44555, 44556, 44557, 44558, 44559, 44560, 44561, 44562, 44563, 44564, 44565, 44566, 44567, 44568, 44569, 44570, 44571, 44572, 44573, 44574, 44575, 44576, 44577, 44578, 44579, 44580, 44581, 44582, 44583, 44584, 44585, 44586, 44587, 44588, 44589, 44590, 44591, 44592, 44593, 44594, 44595, 44596, 44597, 44598, 44599, 44600, 44601, 44602, 44603, 44604, 44605, 44606, 44607, 44608, 44609, 44610, 44611, 44612, 44613, 44614, 44615, 44616, 44617, 44618, 44619, 44620, 44621, 44622, 44623, 44624, 44625, 44626, 44627, 44628, 44629, 44630, 44631, 44632, 44633, 44634, 44

The site is located in Zone X and does not appear to be affected by flood hazard area. *It is a specific assumption of this report that the subject is not adversely affected by a flood hazard area or drainage area other than is indicated in this report.* The applicable map number is FEMA Map 48121C0415G, April 18, 2011. The subject flood map is presented below.



SUBJECT SITE SURVEY



4.859 ADRES

Being all that certain lot, tract or parcel of land situated in the David M. Culp Survey, Abstract Number 226, Town of Little Elm, Denton County, Texas, and being part of that certain said 5,000 acre Tract of land described in deed in favor of the Town of Little Elm, Texas recorded in Instrument No. 2000-0700.

THIS DOCUMENT SHALL NOT BE RECORDED OR FILED UNDER ANY PATENT AND SHALL MARK DRAWING PAGE #897 ON FRONT OF THIS DOCUMENT

Page Number: 06-000
Case Information Page No: 00708
Page Information Page No: 00708

SURVEY PLAT
4,959 Acres
In the
DAVID M. CULE SURVEY, ABSTRACT NO. 226
TOWN OF LITTLE ELM
DENTON COUNTY, TEXAS

THE J. R. MADDAMS COMPANY, INC.
111 Oldcove Drive
Lewisville, Texas 75057
972.456.9772

**201 Country View Drive
Richardson, Texas 75082**
TEL: 972.355.7893, FAX: 972.34440
WWW.JRMCORP.COM

McADAMS

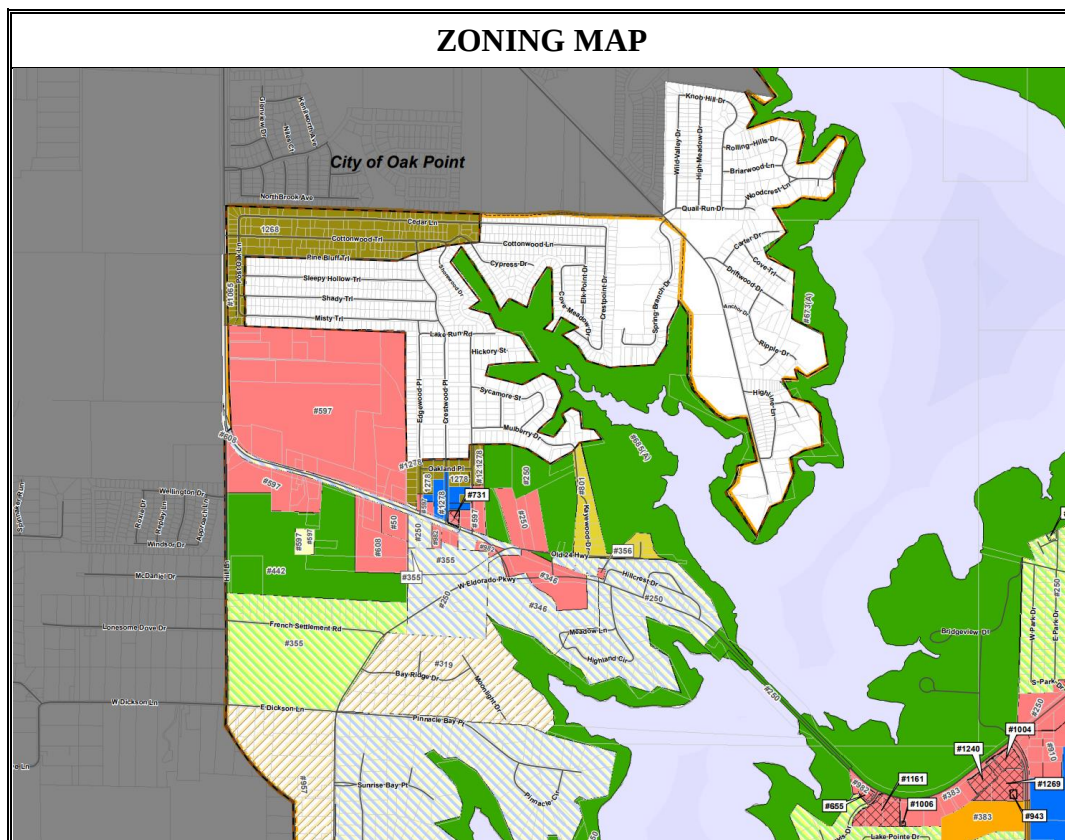
INTEGRITY

DRANK BY: SP DATE: 09/09/2021 SCALE: T=100 DEG. NO. 2020310472

ZONING

Municipalities regulate land use within their municipal jurisdiction by the implementation and enforcement of zoning ordinances. Zoning ordinances purportedly screen and control urban development, promote consistency, compatibility and contribution to the community, and define the quality and character of the neighborhood area.

The subject property is located inside the Little Elm city limits and is zoned LC- Light Commercial. Allowed land uses include a variety of retail, service businesses, medical, restaurant, and public utility associated uses. Surrounding land uses consist of vacant land, small commercial/light industrial uses, single family residences, municipal/community, and recreational uses. The subject has a large quantity of agricultural land nearby that is proposed to be developed into a single family residential age restricted community. *It is a specific assumption of this report that the intended usage meets or exceeds the specifications set forth by any applicable zoning ordinance.*



TAX AND ASSESSMENT DATA

The subject property is within the tax jurisdictions of the Little Elm Independent School District, Town of little Elm, and Denton County.

According to the Denton CAD, the subject is assessed under account numbers 300543 and 300544.

Segment	Size	Assessed Value	AV/unit
Land	4.959	\$243,871	\$1.13 / SF
Improvements		\$0	
Market Assessed Value		\$243,871	\$1.13 / SF

Tax Jurisdiction	Tax Rate	Assessed Value	Tax Liability
School	\$1.43030000	\$243,871	\$3,488
City	\$0.64394800	\$243,871	\$1,570
County	\$0.23308600	\$243,871	\$568
Estimated Tax Liability	\$2.30733400	\$243,871	\$5,627

The subject is felt to be assessed below market value “As Is” with a current estimated tax burden of \$5,627 annually. An increase in assessed value is likely for the next tax year due to change in ownership, annual reassessment, and sale of property from a municipality to a commercial entity.

The subject currently enjoys an exemption for being city owned property. Based on the proposed purchase price, as stated in the letter of intent, \$479,261.05, the estimated annual tax burden with no exemptions calculated, is \$11,058.

HIGHEST AND BEST USE ANALYSIS

The concept of Highest and Best Use can be defined as being: “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”²

The subject site is situated in a market area with a mix of older agricultural development and newer residential and commercial development near major roadways. Commercial, retail, and residential development is occurring and no external adverse conditions are noted in the market area or in close proximity to the subject property. The market area appears to be in the growth phase of the real estate market and continued growth is anticipated in the future. The subject’s immediate market area is approximately 70% developed and in the growth stage of the real estate cycle. Development and redevelopment is ongoing. The site is generally flag shaped and at street grade being generally level. The site depth-to-frontage ratio is adequate for small commercial and/or residential usage. The subject site offers below average visibility and access due to the 63 ft. of road frontage and bulk of the site being set back approximately 375 ft. from the road. Ingress/egress is considered adequate. The subject site is served by all municipal utilities. A number of uses are physically possible for the subject site.

The subject property is located inside the Little Elm city limits and is zoned LC- Light Commercial. Legal land uses include a variety of retail, service businesses, medical, restaurant, and public utility associated uses. Surrounding land uses consist of vacant land, small commercial/light industrial uses, single family residences, municipal/community, and recreational uses. The subject has a large quantity of agricultural land nearby that is proposed to be developed into a single family residential age restricted community. The subject site is proposed to be utilized for utility access, drainage easements, and additional point of access to the residential development from FM 720/Oak Grove Pkwy. The subject is being appraised “as is” as vacant land and a variety of commercial and public utility related uses are allowed; however, due to the lack of road frontage and setback from the street, standalone commercial uses are less likely. The maximally productive use of the subject site is felt to be to hold for development. Current market demand in the subject market area is not sufficient to warrant speculative development. Therefore, hold for development by an end user is felt to be the highest and best use of the subject property “as is”.

²The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, Pages 277-278

SECTION C

VALUATION ANALYSIS

APPROACHES TO VALUE

The estimation of value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three basic approaches: the **Cost Approach**, the **Income Approach**, and the **Sales Comparison Approach**. When one or more of these approaches is not applicable in the appraisal process, justification is warranted. A brief explanation of each approach follows:

In the **Cost Approach**, the value of the subject site is estimated by comparing it to similar sites that have recently sold or are currently offered for sale. The replacement cost new of the improvements, as determined by comparison to similarly constructed properties, is then estimated. Depreciation from all sources is determined and subtracted from the replacement cost new of the improvements, to arrive at their present worth. The present worth of all improvements is added to the estimated site value with the result being the indicated value by this approach. The age/condition and/or design may render this approach inapplicable due to the subjectivity of the estimation of depreciation.

The **Income Approach** is a process in which the anticipated flow of future benefits (actual dollar income or amenities) is discounted to a present worth figure through the capitalization of the net income. Net income is the remainder after deduction of expenses of operation from effective gross income. The steps in this approach include estimating potential gross income by comparison with competing properties and estimating expenses (derived from historical and/or market experience) to determine a projected net income stream. The income stream is then capitalized into an indication of value by using capitalization rates extracted from competitive properties in the market or by using other techniques when applicable.

The **Sales Comparison Approach** involves the comparison of similar properties that have recently sold or similar properties that are currently offered for sale, with the subject property. These properties are compared to the subject with regard to differences or similarities in market conditions, location, size, physical characteristics, and any conditions influencing the sale. The notable differences in the comparable properties are then adjusted from the subject property to indicate a value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined by the actions of typical buyers and sellers in the subject's market. This value range, as indicated by the adjusted comparable properties, is then correlated into a final indicated value for the subject property by this approach.

The **Cost Approach** is *not applicable and not utilized* considering that the subject is vacant land with no improvements. The **Sales Comparison Approach** is *applicable and utilized* due to the availability of comparable recent sales of this property type in the market area. The **Income Approach** is considered *not applicable and not utilized* since vacant land is not typically traded for rental income potential. The value estimates as indicated by the applicable approaches are reconciled into a final value estimate of market value.

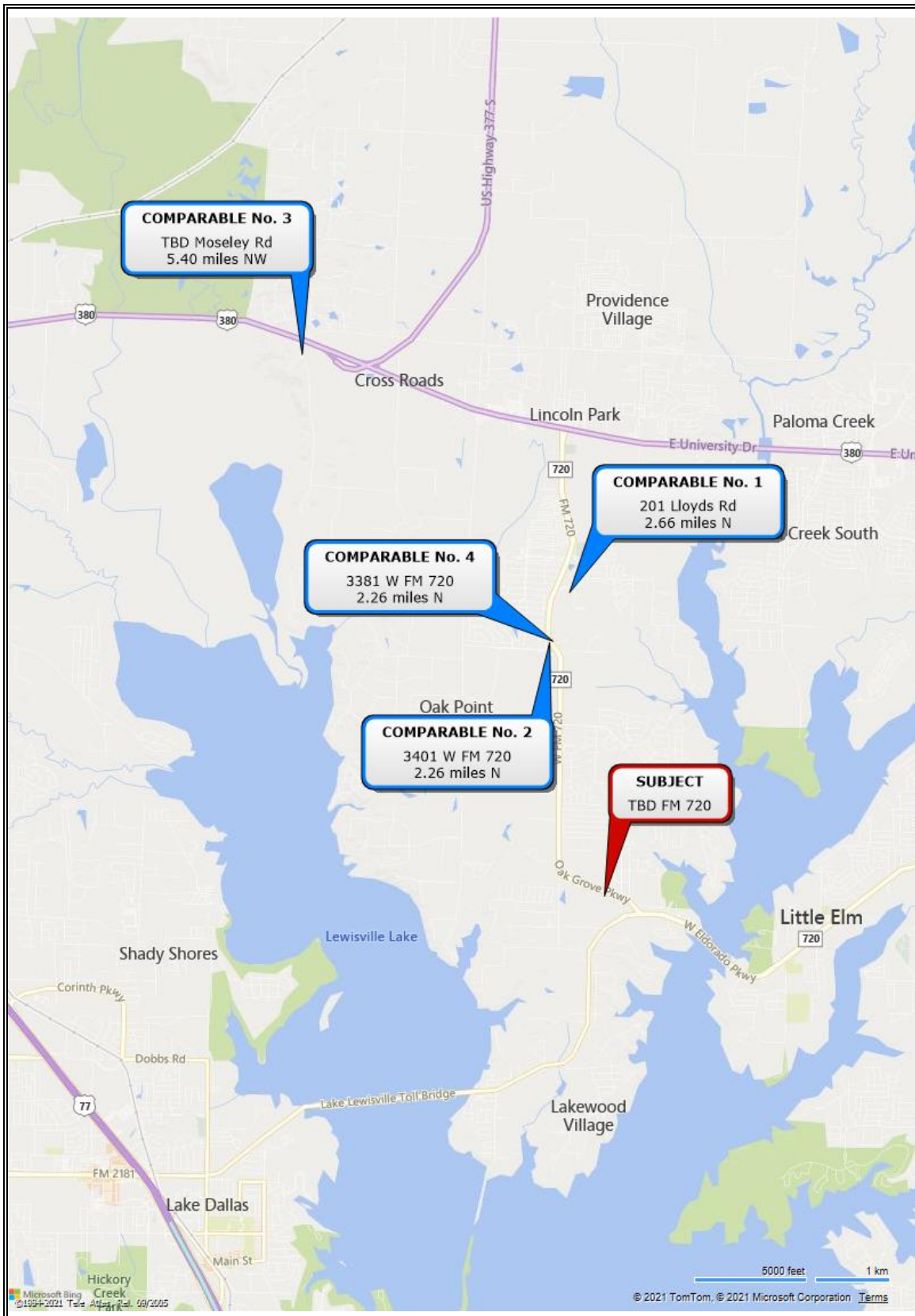
SALES COMPARISON APPROACH

This approach to value is also termed the Market Approach and requires the comparison of recent comparable sales to the subject property. The typical unit of comparison used in the market area is utilized in this analysis.

In order to estimate the value of subject property, market sales of similar properties are compared to the subject site for highest and best use, property rights conveyed, financing terms, conditions of sale, date of sale, location, and physical characteristics. The various differences in the comparable sales are adjusted if necessary, to provide an indicated value for the subject site. Recent sales of similar highest and best use, surrounding development usage, utility, and/or intended usage are analyzed. The sales judged most relevant to the valuation of subject were visually observed and are presented on the following pages.

COMPARABLE LAND SALES SUMMARY AND ADJUSTMENT GRID					
	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
Location	TBD FM 720/ Oak Grove Pkwy,	201 Lloyds Rd, Little Elm	3401 FM 720, Little Elm	TBD Moseley Rd, Crossroads	3381 W FM 720, Little Elm
Date of Sale	N/A	03/22/21	09/23/21	05/08/20	01/19/21
Sale Price:	N/A	\$550,000	\$1,150,000	\$465,000	\$801,832
Gross Land Area (SF):	216,014	198,198	230,868	103,237	100,188
Zoning	Light Commercial	Unzoned-County	Unzoned- County	Commercial	Unzoned- County
Intended Use:	SFR Dev. Access	Not Disclosed	Storage Facility	Not Disclosed	Not Disclosed
Road Frontage:	63 ft	450 ft	319 ft	165 ft	300 ft
Flood Hazard/Easement	None/Typical	None/Typical	None/Typical	None/Typical	None/Typical
Utilities:	All Available	All Available	All Available	Elec, Water, Telephone, Septic Req.	All Available
Verification Source	DCAD/Visual	MLS# 14431177 DCAD 38211	CoStar 5691376 DCAD 958879	MLS# 14163471 DCAD 207913	MLS# 14242381 DCAD 969225
Grantor	N/A	Ravi Polishetty	Catherine Watkins	Bryan Miles Trust	Kenneth Chitwood
Grantee	N/A	PVR Commercial, LLC	Oak Point Storage Investors, LP	Majid & Arami Kamalipour	Gridley Ventures- FM 720 Little Elm
Sale Price Per AC		\$2.78	\$4.98	\$4.50	\$8.00
Terms/C. E. Price		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%
Adj. Sale Price/AC:		\$2.78	\$4.98	\$4.50	\$8.00
Market Conditions		0%	0%	0%	0%
Adj. Sale Price/AC:		\$2.78	\$4.98	\$4.50	\$8.00
Location		5%	0%	5%	0%
Size		0%	0%	-30%	-30%
Zoning/Use		0%	-10%	0%	0%
Utilities		0%	0%	5%	0%
Flood Hazard		0%	0%	0%	0%
Improvements		-5%	0%	0%	-10%
Shape/Topography		-25%	-25%	-20%	-25%
Total Adjustment		-25%	-35%	-40%	-65%
Indicated Value/SF		\$2.08	\$3.24	\$2.70	\$2.80
Average	\$2.71				
Median	\$2.75				

Location Map - Comparable Land Sales



Analysis of Comparable Land Sales

The adjustments of the comparable land sales utilized in the adjustment grid are discussed below. The unit of comparison developed in this approach from the comparable sales to estimate value is considered to be one primarily utilized by market participants for this property type.

Property Rights Conveyed: Each of the comparable sales involved the sale of a fee simple interest. When considering the subject property rights appraised, adjustment for property rights conveyed of the comparable sales is not warranted.

Financing Terms: All of the sales are reported to have market terms or cash to seller transactions; therefore, adjustment consideration is not warranted.

Conditions of Sale: All of the sales utilized in this analysis are reported to be arms-length transactions. Therefore, none of the sales warrant adjustment consideration for conditions of sale.

Market Conditions: Although the market area experienced a notable decline in development activity and sale transactions in the mid-late 2000's, the market and regional area has experienced a notable stabilization or improvement in market conditions since 2017. The sales are considered to have transacted in current market conditions and do not warrant adjustment consideration.

Location: The subject site is situated on a primary thoroughfare in a developing mixed-use area considered to be of average development intensity with above average traffic counts. Sales 2 and 4 are considered similar to the subject in location on FM 720 warranting no adjustment. Sales 1 and 3 are located one lot off the corner of the nearest primary thoroughfare warranting slight upward adjustment for lower traffic counts.

Size: Smaller sites tend to sell for higher prices per unit than similar larger sites due to economies of scale. The subject site consists of 216,014 SF of gross land area. Sales 1 and 2 are similar to the subject in size and warrant no adjustment. Sales 3 and 4 are notably smaller warranting downward adjustment.

Zoning/Use: The subject site is zoned Light Commercial. Sales 1, 3, and 4 are considered similar in zoning and/or were purchased for similar usage, and/or are considered to offer similar highest and best usage and do not warrant adjustment for zoning. Sale 2 is unzoned/unincorporated Denton County purchased for construction of a storage facility with outdoor parking/equipment storage, which is not allowed in many similarly located sites with different zoning warranting downward zoning for this allowable use.

Flood Hazard: The subject site does not appear to be adversely affected by flood hazard. All four sales are considered similar in lack of flood hazard and do not warrant adjustment consideration.

Utilities: The subject site is considered to offer adequate utilities for development with all municipal utilities available to the subject site. Sale 3 has no access to municipal sewer service and requires private septic warranting upward adjustment. Sales 1, 2, and 4 are considered similar to the subject in utility availability and warrant no adjustment consideration.

Improvements: The subject “as is” is vacant land and has no improvements. Sales 2 & 3 are considered similar and do not warrant adjustment consideration. Sale 1 had an approximately 1,560 SF single family residence built in 1962 with barn in fair to average condition for their age at time of sale warranting downward adjustment for contributory value of residence and barn. Sale 4 had a 1,488 SF single family residence built in 1961 in fair condition and a small barn built in 2007, warranting downward adjustment for contributory value of improvements.

Shape/Topography: The subject site is generally flag shaped with generally level topography with minimal road frontage, below average visibility and access due to the 63 ft. of road frontage and bulk of the site set back approximately 375 ft. from the road. All four sales are considered superior in shape/topography to the subject with generally rectangular shape/topography and hundreds of feet of road frontage, conducive to development, and warrant downward adjustment consideration accordingly.

Value Conclusion by Unit of Comparison

The unadjusted range of the comparable land sales is \$2.78 to \$8.00 per SF of gross land area. Although the sales are considered the most comparable and reliable available, the range is wider than is typical in a more active land market.

The adjusted range of the comparable sales is \$2.08 - \$3.24 per SF with an average adjusted sale price of \$2.71 and a median of \$2.75 per SF.

After adjustments are taken into consideration, all four sales are felt to represent the vacant site value of the subject property. Due to the subject’s limited road frontage and bulk of the site area being located down an a 375 ft. setback from the road, a price per SF at the low end of the indicated range is felt to be appropriate for the subject property. Sale 1 is felt to be the most similar to the subject site requiring the fewest adjustments. Therefore, a price per SF of \$2.22 is felt to be appropriate for the subject site.

Value Indication by Unit of Comparison

The estimated market value of the fee simple interest in the subject site in “as is” condition is as follows:

VALUE INDICATION BY UNIT OF COMPARISON				
Gross Land Area (SF)		SP/SF		Value Indication
216,014	x	\$2.22	=	\$479,551

Value Conclusion by the Sales Comparison Approach

The estimated market value of the fee simple interest in the subject in “as is” condition is **\$480,000, rounded.**

RECONCILIATION AND FINAL OPINION OF VALUE

Sales Comparison Approach “As Is”	\$480,000
Income Analysis “As Is”	Not Developed
Cost Approach “As Is”	Not Developed

The **Cost Approach** utilizes replacement cost estimated by using actual costs for comparable facilities and/or Marshall and Swift Valuation Services. Indirect costs associated with property are also determined. The land value is estimated by analyzing current land sales within the area. The estimated land value is added to indicate the value estimate by this approach.

The **Sales Comparison Approach** is considered a generally reliable method because the units of comparison are market based. The units of comparison are direct, which renders the comparison highly indicative of market behavior and the primary approach utilized by market participants.

The **Income Approach** is generally considered to be an appropriate valuation method when the property has rental income-producing potential. The potential gross income, stabilized vacancy rate and operating expenses are estimated from market data.

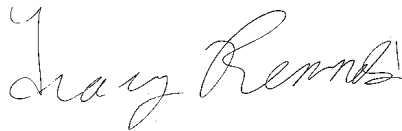
The **Cost Approach** is *not applicable and not utilized* considering that the subject is vacant land with no improvements. The **Sales Comparison Approach** is *applicable and utilized* due to the availability of comparable recent sales of this property type in the market area. The **Income Approach** is considered *not applicable and not utilized* since vacant land is not typically traded for rental income potential. The value estimates as indicated by the applicable approaches are reconciled into a final value estimate of market value.

Utilizing the Sales Comparison Approach, the estimated market value of the fee simple interest for the subject property in "as is" condition subject to the specific/extraordinary assumptions and/or hypothetical conditions and Assumptions and Limiting Conditions set forth herein as of November 1st, 2021, is:

FINAL OPINION OF VALUE OF THE SUBJECT PROPERTY "AS IS"
-- FOUR HUNDRED EIGHTY THOUSAND DOLLARS -- --\$480,000--

We appreciate the opportunity to provide this appraisal for you. Should you have any questions regarding the appraisal, contact the firm at (940) 243-2387 or tracy@tma-appraisal.com.

Respectfully submitted,
TM APPRAISAL ASSOCIATES



Tracy Runnels, Associate Appraiser
TX 1337774-G



Tommy Marshall, Principal
TX 1322676-G

MARKETING PERIOD/EXPOSURE TIME

Per USPAP the exposure period for the subject property must be analyzed. Five factors must be considered in the exposure period, the ability of those marketing the property, the type of property, the listing price, the size and location of the market and the comparability of available market data. An adept marketer will tend to move the property in a shorter period than will an average one and an inept marketer may require twice as much.

Exposure period must be assessed in terms of whether the property was originally listed reasonably close to its true value as perceived by the market. Any property listed significantly above its true value will tend to attract no interested parties due to the perception that it is a waste of time pursuing its purchase. Further, a property listed noticeably below the market's perception of the value will tend to sell in a shorter period than may otherwise be required and therefore distort the concept of "reasonable marketing period". A study by M/PF, a real estate market research firm in Dallas, polled real estate brokers as to the "reasonable marketing period" for various types of real estate. The response was 9 - 12 months. Implicit in this response is that the property is listed reasonably close to the market's perception of its true value.

Historically, purchasers of any property which is considered by the market to have value, are available regardless of product oversupply, availability of financing or lack thereof. The definition of market value specifically requires that there exists a potential buyer and potential seller, each acting prudently and knowledgeably and implies a consummation of a sale. Therefore, an additional factor to be considered in analyzing the marketing period is the size and location of the market. For very large industrial properties or for very specialized properties such as petrochemical refining, large granaries, etc., the market may be relatively small, specialized and national or international rather than local or regional. More typical real estate such as apartments, shopping centers, office buildings and vacant land has a market that is local, regional national or international implying a shorter marketing period and exposure time.

The date of the comparable sales must be considered. If no data is available to indicate current expectations of current market conditions and is only available for market conditions unlike current conditions, the value indicated by the data may not necessarily reflect current expectations and the analysis must include these circumstances.

Properties similar to the subject in the market area are marketable to a wide group of potential purchasers in the local region, state, and nation. Exposure time is considered to be twelve months. Without exception, all real estate offices contacted expressed, if offered at or near market value and had the property been correctly exposed to the market for the past twelve months, the property should sell for a reasonable price. After development of the preceding pages of market data, it is our opinion that had the property been offered at or slightly above the market value conclusion an exposure period from 9 - 12 months is considered necessary for the property to potentially consummate a sale closer to the appraised market value. An exposure period of twelve months or less is considered applicable for the subject property.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been reported, stated, defined, and/or considered in this appraisal report.
9. It is assumed that all required license, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

12. The firm is not qualified to detect hazardous waste and/or toxic materials. Any comment by the firm that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and comments are the result of the routine observations made during the appraisal process.
13. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with disabilities act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
14. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
16. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the firm, and in any event, only with proper written qualification and only in its entirety.

CERTIFICATION OF THE APPRAISERS

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 personal, 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 we have no personal interest or bias with respect to the parties involved.
4. The compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. The appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. The analyses, opinions, and conclusions are developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. We have made a personal inspection of the property that is the subject of this report.
8. 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of report, I, Tommy Marshall, am a State Certified General Real Estate Appraiser.
11. As of the date of report, I, Tracy Runnels, am a State Certified General Real Estate Appraiser.
12. The appraisers have not previously appraised or provided other services for the subject property in the preceding three year period.
13. The value estimate is not valid unless this certification is included in the appraisal.

TM APPRAISAL ASSOCIATES



Tracy Runnels, Associate Appraiser
TX 1337774-G



Tommy Marshall, Principal
TX 1322676-G

SECTION D

ADDENDA

LETTER OF INTENT

DocuSign Envelope ID: 201F34B0-4AAA-43CC-870D-E3D374D449D3



INTEGRITY GROUP
Developing & Building Dreams

LETTER OF INTENT

September 30, 2021

Mr. Matt Mueller, Town Manager
Ms. Jennette Espinosa, Executive Director of EDC
Mr. Fred Gibbs, Director of Development Services
Town of Little Elm
100 W. Eldorado Pkwy.
Little Elm, Texas 75068

RE: Letter of Intent to Purchase Approximately 5+/- Acres in Little Elm, TX

Matt, Jennette & Fred,

This document will serve as our intent to enter into a Purchase and Sell Agreement (the "Contract") for the referenced property. It is based on the following terms and conditions.

Property: Approximately 4.956+/- Acres in Little Elm, Texas. Final determination to be by survey and structure of associated parcels.

Purchaser: Integrity Group, LLC., or affiliated assigns

Seller: Town of Little Elm

Title Company: Integrity Land Title, LLC.
Attn.: Stephanie Mooney
361 W. Byron Nelson Blvd., Ste. 100
Roanoke, TX 76262
817.968.7905

Purchase Amount: Purchaser agrees to purchase the Property as will be identified on the attached Exhibit A&B, for a purchase price of \$479,261.05 (based on a price of \$2.22/ft for the 4.956+/- acres). Final price and price per foot to be determined based upon final agreement between Seller and Purchaser for the exchange of the Property and Purchasers equal swap of services, to be detailed below

Contract: Purchaser will prepare a PSA (Contract) upon mutual acceptance of this LOI. The sale will be by special warranty deed.

Earnest Money: Within three (3) business days following the execution of the Contract, Purchaser will deposit \$5,000 of Earnest Money with the Title Company and shall be governed by the terms and conditions of the Feasibility Period.

Seller & Purchaser

Property Exchange: Seller and Purchaser desire to exchange the Property described above in return for Purchaser to extend the Atmos Gas line currently located on Hill Lane, east thru the Property Purchaser is under contract for and pursuing entitlements in the Town of Little Elm. Purchaser agrees to extend a 6" or 8" line, as determined by Atmos, the Town and the Purchaser. Purchase Agreement will have an Exhibit showing proposed location and route of Gas Line and will show proposed "stub out" points which could service the Commercial Land both East back to the Greenway Property and West to the "Ace Hardware" property. Additionally, it will show the Gas Line traversing the Integrity-Ladera property to stub out to the East side which could then service the Greenway Property and the BKDK Commercial Property. The price of the upsized gas line will be less than the sale of the Town's land, the Town would then receive the difference. The sale of the Town's land will occur after the Town approves the Planned Development. If the Ladera development doesn't occur within 2 years, the Town of Little Elm has first right of refusal to repurchase the property for the actual cash purchase amount.

Feasibility Period:

Purchaser may terminate the Contract within ninety (90) days after the effective date of the Contract for any reason. During the Feasibility Period, Purchaser will provide a proposed concept plan of the Property and proposed elevations of the homes for Seller's approval, which approval shall be subject to the Town Council's legislative discretionary consideration process. If Purchaser elects to terminate the Contract during the Feasibility Period, the Earnest Money shall be refunded to Purchaser. Purchaser to diligently pursue and secure zoning entitlements, acceptable to Purchaser in every way, on the Property for an age restricted single-family use from the Town of Little Elm, Texas. Seller will sign and otherwise cooperate with Purchaser in the filing of a zoning application and to attend all necessary meetings with Little Elm Officials. Notwithstanding the foregoing, Seller shall not allow a zoning ordinance for the benefit of Purchaser's proposed development of the Property to become effective prior to Closing. If Purchaser does not terminate the Contract during said ninety (90) day Feasibility Period, the Earnest Money shall become non-refundable but applicable to the Purchase Price contingent solely upon zoning approval (described below) by the Town of Little Elm. Purchaser shall have the right to conduct environmental, soil, engineering, or any other studies on the Property and to go on the Property for the purpose of conducting such studies; provided however, any invasive testing shall require Seller's written approval, not to be unreasonably withheld. Purchaser's access to the Property shall be subject to Seller receiving prior written (including e-mail) notice each time the Property will be accessed and satisfactory evidence of insurance naming Seller as additional insured.

Purchaser, at Purchaser's expense shall be responsible for all engineering costs, permitting, platting, site planning, fees, etc. related to Purchaser's proposed development. Prior to any Town submittals, copies will be sent to Seller for review.

[illegible]

APPRAISER QUALIFICATIONS

Qualifications of Tommy Marshall

Experience:

- 1984 to present, Tommy Marshall has been engaged in independent fee appraising and real estate consultations. He is the owner of Tommy Marshall & Associates, Real Estate Appraisers and Consultants.
- Generally, the trade area includes the Dallas/Ft. Worth CMSA in North Central Texas. Appraisals have also been performed in Kansas, Florida, Missouri, Indiana, Oklahoma, and Mississippi. Since 1992, most work has been in the North Central Texas and Southern Oklahoma areas.
- Various types of real property have been appraised, some being special purpose properties such as golf courses, resorts, churches, manufacturing plants, and rural water Co-Ops. Other properties include farm and ranch, residential subdivisions, mixed use developments, office buildings, apartments, retail complexes, industrial complexes, hotels, motels, bank buildings, and single-family homes.
- Clients served include corporations, attorneys, estates, financial institutions, individuals, and governmental agencies. Tommy is qualified to and has served as an expert witness in Federal Courts and County Courts, and has testified at a number of Commissioners hearings for eminent domain.

Education:

- Studied Industrial Arts at Southeastern Oklahoma State University – Durant, OK 1972
- Successfully completed numerous real estate and related courses and seminars sponsored by various appraisal organizations and schools

Professional Association Memberships and Licenses:

- Member, Associate of Texas Appraisers
- Member, National Association of Realtors
- Member, Texas Association of Realtors
- Member, Greater Denton/Wise County Board of Realtors
- Licensed Real Estate Broker – Texas 1977 (License No. 0230242)
- State Certified General Appraiser – Texas (Certification No. TX-1322626-G)
- Property Tax Consultant – Texas (Registration No. 106)

TRACY Z. RUNNELS

Tracy Runnels has been active in real estate appraisal in North Texas since 2005. She obtained her Texas Certified General Real Estate Appraiser's license in 2008. She has 15 years of experience with Tommy Marshall & Associates and has appraised properties throughout North Central Texas and Oklahoma. Her expertise and competency encompass 15+ years of appraisal in all types of land, churches, manufacturing, single and multi-family residential, hotel/motel, farm/ranch, industrial, retail, and office buildings.

Real Estate Appraisal Specialty Courses:

- ❖ Shopping Center Analysis for Financing
- ❖ Advanced Income Property Appraisal & Regression Analysis
- ❖ Appraising Small Apartment Properties
- ❖ Appraising Self-Storage Facilities
- ❖ Statistical Analysis & Expert Valuation/Expert Witness Testimony
- ❖ Divorce and Estate Appraisals: Specializing in Non-Lender Work

License and Education:

- ❖ State Certified General Real Estate Appraiser- State of Texas (TX-1337774-G)
- ❖ Appraisal Institute- Plano, TX
- ❖ Champions Real Estate School- Coppell, TX
- ❖ Texas Tech University- Lubbock, TX

APPRAISER LICENSES



Certified General Real Estate Appraiser

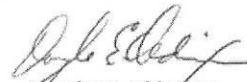
Appraiser: **TOMMY L MARSHALL**

License #: **TX 1322676 G**

License Expires: **03/31/2022**

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.



Douglas E. Oldmixon
Commissioner



Certified General Real Estate Appraiser

Appraiser: **Tracy Zane Runnels**

License #: **TX 1337774 G**

License Expires: **02/28/2022**

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.



Douglas E. Oldmixon
Commissioner

ENGAGEMENT LETTER

Tommy Marshall & Associates

AGREEMENT FOR APPRAISAL SERVICES

File No. A-21-10-6223

1. PARTIES Integrity Group Client
hereby agrees to employ TRACY RUNNELS Appraiser
2. PROPERTY located in Denton County, State of TEXAS legally described as:
- STREET ADDRESS 4.959 acres Southside FM 720
CITY Little Elm STATE TX ZIPCODE 75068 hereinafter called Property.
3. APPRAISAL REPORT. Appraiser agrees to prepare, in writing, an Appraisal Report, in conformity with any professional organizations to which Appraiser may belong, with an opinion of value. The purpose of this appraisal is:
- ☒ Purchase ☐ Sale ☐ Estate Tax ☐ Lessee ☐ Insurance ☐ Ad valorem Tax ☐ Mortgage Financing ☐ Condemnation
☐ General Information ☐ Other
4. INTEREST to be appraised shall be ☒ Fee Simple ☐ Leasehold ☐ Leased Fee ☐ Other
5. COMPLETION of the appraisal shall be by 11/12/2021 subject to unforeseen circumstances or conditions beyond the control of the Appraiser. The number of copies to be prepared is ONE ELECTRONIC COPY (PDF)
6. PAYMENTS FOR SERVICES:
- ☐ AGREED FEE. Client agrees to pay Appraiser a cash fee of \$ 2,200.00
- ☐ HOURLY-PER DIEM. Client agrees to pay Appraiser a cash fee of \$ _____ per ☐ hour ☐ day for time expended on Client's behalf, to an estimated maximum of \$ _____
- ☐ EXPENSES. Appraiser shall be additionally paid usual and necessary expenses for the following _____
- ☐ LITIGATION. In the event Appraiser is called upon, voluntarily or otherwise, to testify in court or deposition regarding the Appraisal Report herein, Client agrees to pay an additional sum of \$ _____ for each _____ plus Appraiser's usual and customary expenses.
- ☐ CANCELLATION. If this agreement is canceled at any time prior to the delivery of the Appraisal Report, Client agrees to pay a fee of _____
- ☐ RETAINER fee in the amount of \$ _____ is payable _____ to apply toward the total fee herein.

All sums due hereunder shall be paid on delivery of the Appraisal Report to Client, and are payable in the County of Appraiser's principal residence. The Appraiser's fee is in no way based on the opinion of value of the appraised Property, and all sums hereunder are due and payable regardless of the amount of the opinion of value. In the event it is necessary to employ an attorney to collect any sums due herein, Client agrees to pay reasonable attorney's fees and court costs expended by Appraiser.

AGREEMENT FOR APPRAISAL SERVICES

(continued)

File No. A-21-10-6223

7. **AUTHORITY.** Appraiser and his subcontractors are hereby authorized to make on-site inspections of subject property at all reasonable times to obtain supporting property data, including but not limited to: Building plans, plats, deeds, legal descriptions, abstracts, income and expense data, leases, options. Further to interview Client's attorneys, accountants, managers, agents, present and prospective tenants. To be furnished copies of relevant information, to copy same and use as documentation for the Appraisal Report. To obtain such information that in the Appraiser's judgment may be relevant to the appraisal. CLIENT'S AUTHORITY to execute this agreement is hereby warranted, and that client is either owner of the subject property or has authority of the owner to enter into this agreement.
8. **CONDITIONS.** The Appraisal Report shall be subject to Appraiser's conditions and limitations standard form or as shown on attachment hereto. The Appraisal Report will be prepared for the sole and exclusive use of the Client, and shall not be reproduced, printed or distributed in any manner without written consent of Appraiser, as it consists of "trade secrets and commercial and financial information" which is privileged and confidential and exempted from disclosure under 5USC(b)(4).
9. **WARRANTIES AND INDEMNITY.** Appraiser does not make any warranties or guarantees of any kind regarding the condition of the property, sufficiency of title, areas and boundaries, mechanical and structural conditions of the improvements and with the agreement that the Appraisal Report represents Appraiser's opinion of value only, without any warranty that the property will sell for the appraised value. Client agrees to indemnify Appraiser, his employees and independent contractors from all claims, suits and charges of any nature that may arise out of this agreement.
10. **ADDITIONAL AGREEMENTS:**
Payment is due on or before date of appointment. We accept personal checks, cashier's checks, money orders or cash.

Executed in duplicate originals on this day,

OCT 22, 2021

Client Signature

John Deun
MANAGINS MEMBER

Appraiser Signature

Integrity Group

Client Name

361 W. Byron Nelson Blvd, Suite 104, Roanoke, TX 76262

Client Address

(817) 919-8111

Client Telephone

TRACY RUNNELS

Appraiser Name

101 SOUTH LOCUST STREET, SUITE 600, DENTON, TX 76201

Appraiser Address

(940) 243-2387

Appraiser Telephone

LOCAL GOVERNMENT CODE

TITLE 8. ACQUISITION, SALE, OR LEASE OF PROPERTY

SUBTITLE C. ACQUISITION, SALE, OR LEASE PROVISIONS APPLYING TO
MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 272. SALE OR LEASE OF PROPERTY BY MUNICIPALITIES,
COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS

Sec. 272.001. NOTICE OF SALE OR EXCHANGE OF LAND BY
POLITICAL SUBDIVISION; EXCEPTIONS. (a) Except for the types
of land and interests covered by Subsection (b), (g), (h), (i),
(j), or (l), and except as provided by Section [253.008](#), before
land owned by a political subdivision of the state may be sold
or exchanged for other land, notice to the general public of the
offer of the land for sale or exchange must be published in a
newspaper of general circulation in either the county in which
the land is located or, if there is no such newspaper, in an
adjoining county. The notice must include a description of the
land, including its location, and the procedure by which sealed
bids to purchase the land or offers to exchange the land may be
submitted. The notice must be published on two separate dates
and the sale or exchange may not be made until after the 14th
day after the date of the second publication.

(b) The notice and bidding requirements of Subsection (a)
do not apply to the types of land and real property interests
described by this subsection and owned by a political
subdivision. The land and those interests described by this
subsection may not be conveyed, sold, or exchanged for less than
the fair market value of the land or interest unless the
conveyance, sale, or exchange is with one or more abutting
property owners who own the underlying fee simple. The fair
market value is determined by an appraisal obtained by the
political subdivision that owns the land or interest or, in the
case of land or an interest owned by a home-rule municipality,
the fair market value may be determined by the price obtained by

the municipality at a public auction for which notice to the general public is published in the manner described by Subsection (a). The notice of the auction must include, instead of the content required by Subsection (a), a description of the land, including its location, the date, time, and location of the auction, and the procedures to be followed at the auction. The appraisal or public auction price is conclusive of the fair market value of the land or interest, regardless of any contrary provision of a home-rule charter. This subsection applies to:

(1) narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances;

(2) streets or alleys, owned in fee or used by easement;

(3) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash;

(4) land that the political subdivision wants to have developed by contract with an independent foundation;

(5) a real property interest conveyed to a governmental entity that has the power of eminent domain;

(6) a municipality's land that is located in a reinvestment zone designated as provided by law and that the municipality desires to have developed under a project plan adopted by the municipality for the zone; or

(7) a property interest owned by a defense base development authority established under Chapter [378](#), Local Government Code, as added by Chapter 1221, Acts of the 76th Legislature, Regular Session, 1999.

(c) The land or interests described by Subsections (b) (1) and (2) may be sold to:

(1) abutting property owners in the same subdivision if the land has been subdivided; or

(2) abutting property owners in proportion to their abutting ownership, and the division between owners must be made in an equitable manner.

(d) This section does not require the governing body of a political subdivision to accept any bid or offer or to complete a sale or exchange.

(e) This section does not apply to land in the permanent school fund that is authorized by legislation to be exchanged for other land of at least equal value.

(f) The fair market value of land, an easement, or other real property interest in exchange for land, an easement, or other real property interest as authorized by Subsection (b) (3) is conclusively determined by an appraisal obtained by the political subdivision. The cost of any streets, utilities, or other improvements constructed on the affected land or to be constructed by an entity other than the political subdivision on the affected land may be considered in determining that fair market value.

(g) A political subdivision may acquire or assemble land or real property interest, except by condemnation, and sell, exchange, or otherwise convey the land or interests to an entity for the development of low-income or moderate-income housing. The political subdivision shall determine the terms and conditions of the transactions so as to effectuate and maintain the public purpose. If conveyance of land under this subsection serves a public purpose, the land may be conveyed for less than its fair market value. In this subsection, "entity" means an individual, corporation, partnership, or other legal entity.

(h) A municipality, other than a municipality with a population of more than one million that is located primarily in a county with a population of two million or more, owning land within 5,000 feet of where the shoreline of a lake would be if the lake were filled to its storage capacity may, without notice or the solicitation of bids, sell the land to the person leasing the land for the fair market value of the land as determined by a certified appraiser. While land described by this subsection

is under lease, the municipality owning the land may not sell the land to any person other than the person leasing the land. To protect the public health, safety, or welfare and to ensure an adequate municipal water supply, property sold by the municipality under this subsection is not eligible for and the owner is not entitled to the exemption provided by Section [11.142](#)(a), Water Code. The instrument conveying property under this subsection must include a provision stating that the exemption does not apply to the conveyance. In this subsection, "lake" means an inland body of standing water, including a reservoir formed by impounding the water of a river or creek but not including an impoundment of salt water or brackish water, that has a storage capacity of more than 10,000 acre-feet.

(i) A political subdivision that acquires land or a real property interest with funds received for economic development purposes from the community development block grant nonentitlement program authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.) may lease or convey the land or interest, without the solicitation of bids, to a private, for-profit entity or a nonprofit entity that is a party to a contract with the political subdivision if the land or interest will be used by the private, for-profit entity or the nonprofit entity in carrying out the purpose of the entity's grant or contract. The land or interest may be leased or conveyed without the solicitation of bids if the political subdivision adopts a resolution stating the conditions and circumstances for the lease or conveyance and the public purpose that will be achieved by the lease or conveyance.

(j) A political subdivision may donate, exchange, convey, sell, or lease land, improvements, or any other interest in real property to an institution of higher education, as that term is defined by Section [61.003](#), Education Code, to promote a public purpose related to higher education. The political subdivision shall determine the terms and conditions of the transaction so as to effectuate and maintain the public purpose. A political

subdivision may donate, exchange, convey, sell, or lease the real property interest for less than its fair market value and without complying with the notice and bidding requirements of Subsection (a).

(k) This section does not apply to sales or exchanges of land owned by a municipality operating a municipally owned electric or gas utility if the land is held or managed by the municipally owned utility, or by a division of the municipally owned electric or gas utility that constitutes the unbundled electric or gas operations of the utility, provided that the governing body of the municipally owned utility shall adopt a resolution stating the conditions and circumstances for the sale or exchange and the public purpose that will be achieved by the sale or exchange. For purposes of this subsection, "municipally owned utility" includes a river authority engaged in the generation, transmission, or distribution of electric energy to the public, and "unbundled" operations are those operations of the utility that have, in the discretion of the utility's governing body, been functionally separated.

(l) The notice and bidding requirements provided by Subsection (a) do not apply to a donation or sale made under this subsection. A political subdivision may donate or sell for less than fair market value a designated parcel of land or an interest in real property to another political subdivision if:

(1) the land or interest will be used by the political subdivision to which it is donated or sold in carrying out a purpose that benefits the public interest of the donating or selling political subdivision;

(2) the donation or sale of the land or interest is made under terms that effect and maintain the public purpose for which the donation or sale is made; and

(3) the title and right to possession of the land or interest revert to the donating or selling political subdivision if the acquiring political subdivision ceases to use the land or interest in carrying out the public purpose.

CONSTRUCTION
STAGING LEASE

This Construction Staging Lease is made and entered into as the 2 day of November, 2021, by and between the TOWN OF LITTLE ELM, a Texas municipality, as Lessor, and INTEGRITY GROUP, LLC, a Texas limited liability company, as Lessee.

WITNESSETH:

Lessor has agreed to let and does hereby let and demise to Lessee, and Lessee has agreed to take and does hereby take from Lessor, the portion (the "leased parcel") of the tract of property shown on Exhibit A attached hereto and made a part hereof for all purposes, sufficient to provide a fenced and secured area for the outside storage of building related materials and equipment, upon the following terms and conditions:

1. Lessee accepts the leased parcel in its "as-is" condition.
2. Lessee agrees to pay Lessor at its address stated below, without demand, set off or deduction, a monthly rent of \$1,500.00 payable in advance on or before the first day of each calendar month during the term. Should this lease start on a day other than the first day of a month or should this lease terminate on a day other than the last day of a month, the respective rent for such month shall be prorated on a per diem basis.
3. The term of this lease shall begin on even date herewith and shall continue for one (1) year: provided, however, Lessee has the right to extend the term of this lease at the same monthly rental for an additional period of time of up to but not in excess of one additional year by providing Lessor with written notice of the length of the additional term prior to the expiration of the initial term. Notwithstanding anything to the contrary contained herein, Lessee shall have a right to terminate this lease as of the last day of a calendar month if it provides Lessor with at least 30 days prior written notice of such termination.
4. Lessee shall use the leased parcel solely for the storage of building materials and equipment needed for construction of Lessee's adjacent improvements. Lessee shall supply, construct and install all fences, trailers, sheds and storage racks at its own cost and expense and upon the expiration or early termination of this lease, shall cause all such improvements to be removed and the site restored to its general condition as of the date of this lease (such obligation to survive any expiration or termination). Notwithstanding the foregoing, if Lessee has contracted with Lessor to construct the gas line referenced in Section 10 hereof, Lessee may also use the leased parcel as a temporary construction easement relating to such line.
5. Lessee may erect (and lock) a temporary fence around the leased parcel. Risk of loss on any of Lessee's improvements shall be retained in Lessee.
6. To the extent of its negligence, Lessee shall indemnify, defend and hold Lessor harmless from and against any and all loss, damage, or injury or claim of loss, damage, injury or death to persons or property arising out of or in connection with the erection, maintenance, repair, use, removal and existence of its improvements, fences, sheds, trailers, etc. and Lessee's use of the leased parcel. This indemnity shall survive the expiration or termination of this lease.
7. Lessee agrees to carry and keep in force at its expense for the term of this lease and name Lessor as an additional Insured with respect to a comprehensive public liability insurance covering the leased parcel and Lessee's use thereof with limits of not less than \$1,000,000 for bodily injury and \$500,000 for property damage. A certificate giving evidence of such coverage and requiring the carrier to notify Lessor at least thirty (30) days prior to any cancellation of the policy shall be furnished to Lessor on a current basis.
8. Lessee agrees that if its use of the premises during the term consumes utilities of any nature, Lessee will be liable for the costs associated therewith.

9. Provided that Lessor gives Lessee, its employees, agents, and contractors at least 1 day advanced notice, Lessee shall allow Lessor reasonable access to the leased parcel for inspection during reasonable times.

10. Lessee acknowledges that the leased parcel is leased by Lessee subject to the Lessor's right to construct across a portion of the leased parcel a gas pipeline which upon joinder with the remainder of the line across the adjoining property will provide direct and indirect benefits to other tracts and owners. The gas line, the accompanying easement and any temporary construction easement will be subject to the Lessor's and the developer of the adjoining land's approval of plans, specifications, sizing and the route of the line and easements, such approvals not to be unreasonably withheld, conditioned or delayed.

11. Lessee's interest in this lease is assignable, without Lessor's consent, to an affiliated entity of Lessee. Upon such assignment and the assumption by the assignee of Lessee's continuing obligations hereunder, Lessee shall be released from liability and obligations arising after the date of the assignment (a copy of the assignment and assumption shall be delivered to Lessor).

12. In the event Lessee shall default in the payment of rent or the performance of any of its obligations hereunder and such default continues for ten (10) days after written notice thereof is given to Lessee by Lessor, Lessor may, at its option, terminate this lease and all of Lessee's rights hereunder.

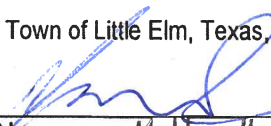
13. If any part of the leased parcel is taken in any proceeding by public authorities by condemnation or otherwise, or if Lessor gives a deed in lieu of such proceedings, then this lease shall terminate if the remainder of the leased parcel is unusable for Lessee's purposes. If it remains usable, the rent shall equitably abate. Lessor shall be entitled to all compensation awarded or given.

14. Lessee covenants that it will not create a nuisance within the leased parcel, permit any waste of the leased parcel, or use the leased parcel in a manner which would cause the leased parcel to violate any applicable governmental law or code, including, without limitation, any environmental law; provided, however, Lessor confirms that Lessee is not liable or responsible in any manner and will indemnify, defend and hold Lessee harmless for any claim related to any violation of any law or code, including without limitation, any environmental law, existing as of the date hereof--such indemnity to survive the expiration or termination of this lease.

15. This lease is the entire agreement of the parties and there are no oral representations, warranties, agreements or promises pertaining to this lease not incorporated in writing within this lease.

LESSOR:

The Town of Little Elm, Texas, a Texas municipality

By: 

Name: Matt Mueller

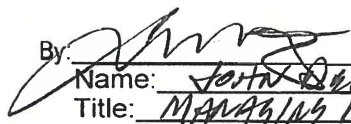
Title: Town Manager

Address:

100 W Eldorado Pkwy
Little Elm, TX 75068

LESSEE:

Integrity Group, LLC, a Texas limited liability company

By: 

Name: John DeWitt

Title: Managing Member

Address:

361 W. BYRON NELSON BLVD, Ste 104
ROANOKE, TX 76262

EXHIBIT A

Legal Description of Leased Parcel

4.959 ACRES

Being all that certain lot, tract or parcel of land situated in the David M. Cule Survey, Abstract Number 226, Town of Little Elm, Denton County, Texas, and being part of that certain called 5.000 acre tract of land described in deed in favor of the Town of Little Elm, Texas, recorded in Instrument Number 2004-145048 of the Real Property Records of Denton County, Texas, and being part of Lots 1 and 2, Block A of Kings Road Estates (A.K.A Dennis Whitson Addition), recorded in Cabinet N, Page 397 of the Plat Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at 5/8" capped rebar found (RPLS 5574) at the southeast corner of said 5.000 acre tract, being the northeast corner of that certain called 2.97 acre tract described as Tract 2 in deed in favor of Navigators Carson's Crossing, LLC, recorded in Instrument Number 2006-62784 of the Real Property Records of Denton County, Texas, and being on the west line of that certain called 7.06 acre tract of land described in deed in favor of F.M. 720 & Garza Partners L.P., recorded in Document Number 2007-137791 of the Real Property Records of Denton County, Texas, and being on the east line of Lot 2; THENCE N 86°42'15" W, 656.56 feet with the south line of said 5.00 acre tract and the north line of said 2.97 acre tract to a 5/8" rebar found at the southwest corner of said 5.000 acre tract and the northwest corner of said 2.97 acre tract, being on an easterly line of that certain called 55.63 acre tract of land described as Tract 1 said deed in favor of Navigators Carson's Crossing, LLC, recorded in Instrument Number 2006-62784 of the Real Property Records of Denton County, Texas, and being on the west line of said Lot 2, from which a 1/2" capped rebar found (KERN) at the southwest corner of said Lot 2 bears S 02°25'40" W, 200.5 feet;

THENCE N 02°25'40" E with the west line of said 5.000 acre tract, the west line of said Lot 2 and the easterly line of said 55.63 acre tract, passing at 520.4 feet a 1/2" capped rebar found (KERN) at the southwest corner of said Lot 1, continuing with the west line thereof a total distance of 739.94 feet to a 1/2" capped rebar set (MCADAMS) on the south line of F. M. 720 as evidenced by that certain called 0.035 acre tract of land described in deed in favor of the State of Texas, recorded in Document Number 2013-4943 of the Real Property Records of Denton County, Texas, being the southwest corner thereof and being the southeast corner of that certain called 0.340 acre tract of land described in deed in favor of the State of Texas, recorded in Document Number 2013-88381 of the Real Property Records of Denton County, Texas;

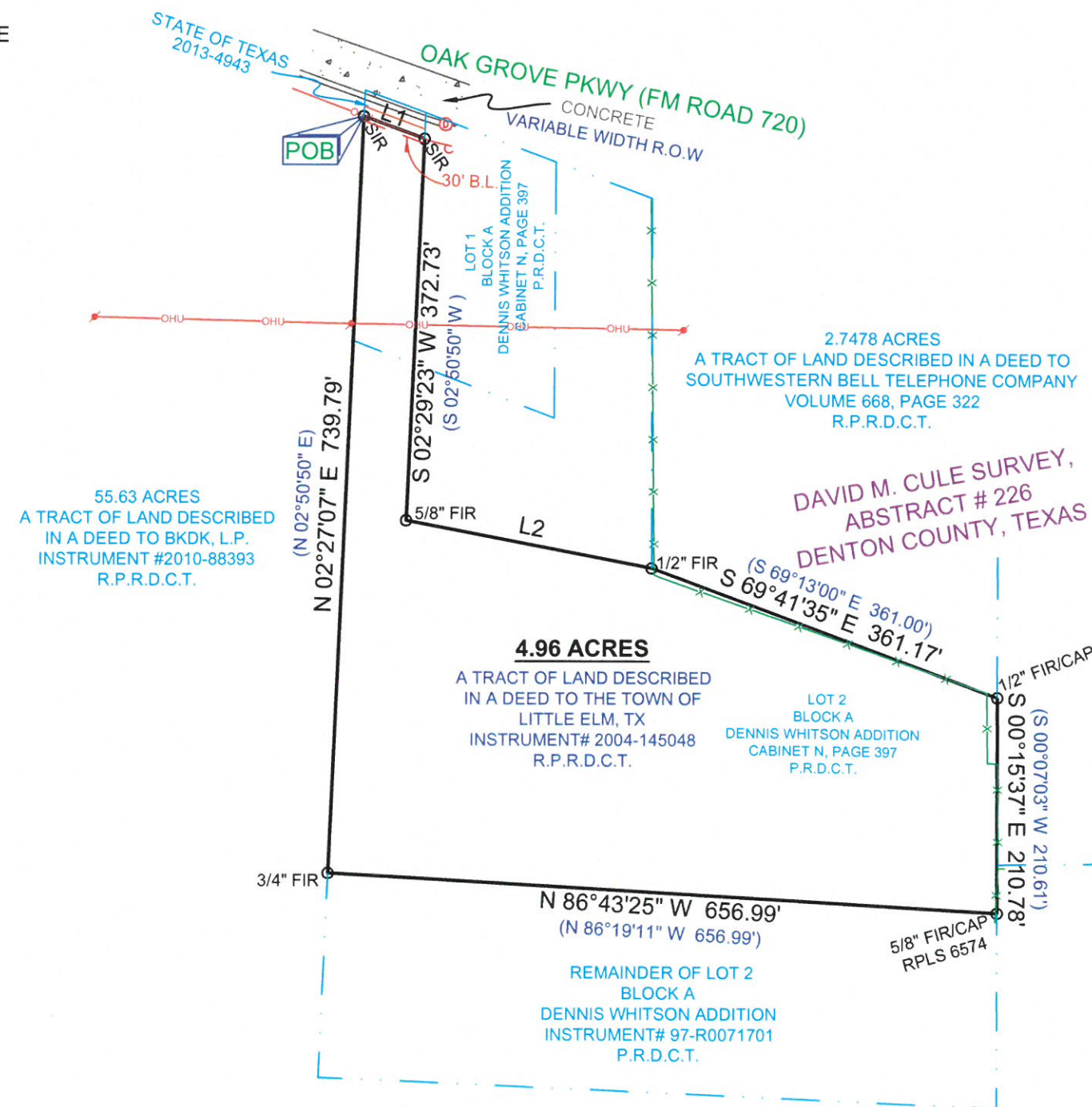
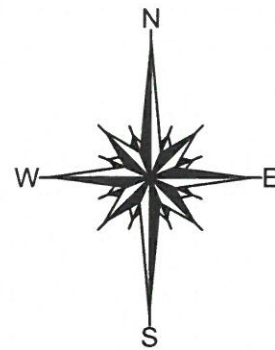
THENCE S 69°39'40" E, 63.06 feet with the south line of said F. M. 720 and the south line of said 0.035 acre tract to a 1/2" capped rebar set (MCADAMS) at the southeast corner thereof, being on the east line of said Lot 1, and being the southwest corner of that certain called 0.075 acre tract of land described in Agreed Judgement styled The State of Texas v. Greenway – Little Elm, L.P., recorded in Document Number 2016-84945 of the Real Property Records of Denton County, Texas, being on an east line of said 5.000 acre tract and being on the west line of that certain called 7.034 acre tract of land described in deed in favor of Greenway – Little Elm, L.P., recorded in Document Number 2004-145047 of the Real Property Records of Denton County, Texas;

THENCE S 02°30'05" W, 373.07 feet with the easterly line of said 5.000 acre tract, the easterly line of said Lot 1 and the west line of said 7.034 acre tract, passing the south line of said Lot 1 and the north line of said Lot 2 to a 5/8" rebar found at the southwest corner of said 7.034 acre tract, being a reentrant corner in the northerly line of said 5.000 acre tract;

THENCE S 79°10'35" E, 245.95 feet with the south line of said 7.034 acre tract and the northerly line of said 5.000 acre tract to a 1/2" capped rebar found (ILLEGIBLE) at an angle point, being a reentrant corner in the north line of said Lot 2;

THENCE S 69°42'50" E, 361.16 feet continuing with the south line of said 7.034 acre tract, the northerly line of said 5.000 acre tract and the north line of said Lot 2 to a 1/2" capped rebar found (ILLEGIBLE) at the southeast corner of said 7.034 acre tract and the most easterly northeast corner of said 5.000 acre

tract and said Lot 2, being on the west line of that certain called 2.962 acre tract of land described in deed in favor of An Dinh Ho, recorded in Document Number 2007-103429 of the Real Property Records of Denton County, Texas;
THENCE S 00°15'30" E, 210.99 feet with the east line of said 5.000 acre tract, the east line of said Lot 2 and the west line of said 2.962 acre tract to the POINT OF BEGINNING and containing approximately 4.959 acres of land.



TO ALL PARTIES DIRECTLY INTERESTED IN THE PREMISES SURVEYED

I have this date directed a careful and accurate survey made on the grounds of the property located at Oak Grove Parkway in the Town of Little Elm, Denton County, Texas.

All that certain lot, tract or parcel of land lying and being situated in the Town of Little Elm and being a part of the D.M. Cule Survey, Abstract number 226 and being a part of Lots 1 and 2, Block A, Dennis Whitson Addition an addition to the Town of Little Elm according to the plat recorded in Cabinet N, Page 397, Plat Records, Denton County, Texas and being the remainder of that called 5.00 acre tract of land described in deed to Town of Little Elm recorded in Instrument number 2004-145048, Real Property Records, Denton County, Texas and being more fully described by metes and bounds as follows;

BEGINNING at a capped iron rod stamped "KAZ" in the South line of Farm to Market Road 720 and being the Southwest corner of a called 0.035 acre tract of land described in deed to State of Texas recorded in Instrument number 2013-4943, Real Property Records, Denton County, Texas;

THENCE along said South line, South 69 degrees 35 minutes 36 seconds East, 63.05 feet to a capped iron rod set stamped "KAZ" at the Southeast corner of said 0.035 acre tract;

THENCE South 02 degrees 29 minutes 23 seconds West, 372.73 feet to a 5/8 inch iron rod found;

THENCE South 79 degrees 11 minutes 01 seconds East, 246.06 feet to a 1/2 inch iron rod found;

THENCE South 69 degrees 41 minutes 35 seconds East, 361.17 feet to a capped iron rod found;

THENCE South 00 degrees 15 minutes 37 seconds East, 210.78 feet to a capped iron rod found;

THENCE North 86 degrees 43 minutes 25 seconds West, 656.99 feet to a 3/4 inch iron rod found;

THENCE North 02 degrees 27 minutes 07 seconds East, 739.79 feet to the PLACE OF BEGINNING and containing 4.96 acres of land more or less;

FLOOD STATEMENT: I have reviewed the F.E.M.A. Flood Insurance Rate Map for the Town of Little Elm, Community Number 481152 effective date 4-18-2011 and that map indicates as scaled, that this property is within "Non-Shaded Zone X" defined as "Areas determined to be outside the 0.2% annual chance flood (500-year)" as shown on Panel 415 G of said map.

NOTE: Bearings shown hereon are referenced to the Texas Coordinate System of 1983, North Central Zone (4202), and are based on the North American Datum of 1983, 2011 Adjustment.

SURVEYORS CERTIFICATION

NOTE: This survey was performed without the benefit of a Title Commitment, Title Report or Title Binder.

This survey correctly represents the results of an on-the-ground survey made under my direction and supervision on 10-11-2021, and substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1B, Condition II Survey. There are no apparent encroachments, intrusions or protrusions except as shown hereon.



TX FIRM REGISTRATION # 10002100

1720 WESTMINSTER
DENTON, TX 76205
(940)382-3446

JOB NUMBER: 210783
DRAWN BY: DJJ
DATE: 10-11-2021
R.P.L.S.

KENNETH A. ZOLLINGER

LEGEND

- = POWER POLE
- = GUY WIRE
- ⊙ = STORM DRAIN MANHOLE
- R.O.W. = RIGHT-OF-WAY
- FIR = FOUND IRON ROD
- FIR/CAP = FOUND IRON ROD W/CAPPED
- SIR = SET IRON ROD W/CAPPED
- () = PLAT OR DEED CALL
- X—X— = WIRE FENCE
- OHU— = OVER-HEAD UTILITIES
- = CONCRETE

LINE	BEARING	DISTANCE
L1	S 69°35'36" E	63.05'
L2	S 79°11'01" E	246.06'



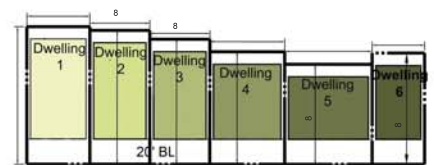


Residential Summary				
Dwelling Type	Dwelling Dimensions	Max Height	Dwellings	% of Dwelling
1	44.5'X80'	2 Stories/35'	45	17%
2	42'X77'	2 Stories/35'	65	25%
3	42'X70'	2 Stories/35'	66	25%
4	54'X60'	2 Stories/35'	36	14%
5	64'X50'	2 Stories/35'	19	7%
6	36'X59'	2 Stories/35'	32	12%
Total			263	100%

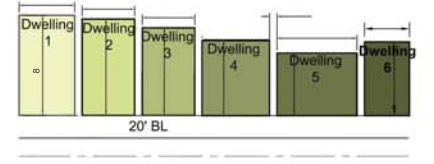
* Dwelling Count and placement is subject to change.

** Model Home Designation

Gross Density	4.49 du/ac
Gross Acreage	58.50
Net Density	4.70 du/ac
Net Acreage (ROW, Powerline, and ROW to Hwy 720)	55.95



Lot Detail



Detail



Town Council Meeting

Date: 12/07/2021
Agenda Item #: 6. E.
Department: Police
Strategic Goal: Provide a safe and welcoming environment for Little Elm residents and visitors
Staff Contact: Rodney Harrison, Police Chief

AGENDA ITEM:

Consider Action to Approve **Resolution 1207202103 for the Town of Little Elm Police Department to Receive Grant Funding for Night Vision Devices for the Little Elm Police Department SWAT Team, as required by the Office of the Governor, Criminal Justice Division.**

DESCRIPTION:

In an effort to aid the Little Elm Police Department in its endeavor to further protect Little Elm residents and prevent crime, grant funding is being sought from the State Homeland Security Program (SHSP) in the amount of \$28,584.44. The goal of this program is to aid the Little Elm SWAT team with crisis response activities, criminal interdiction, and search and rescue efforts through the purchase of Night Vision Devices. This grant has no matching funds requirement and was partially funded in FY 2021 by the OOG. This project is a continuation of the funding plan as constructed by the NCTCOG SWAT working group.

BUDGET IMPACT:

A budget amendment will be brought forward at the next council meeting to reflect the grant revenue and expenses.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Resolution No. 1207202103

TOWN OF LITTLE ELM, TEXAS

RESOLUTION NO. 1207202103

A RESOLUTION BY THE TOWN OF LITTLE ELM APPROVING THE SUBMISSION OF A GRANT APPLICATION TO THE OFFICE OF THE GOVERNOR, FOR THE 2021-2022 SHSP – LITTLE ELM – SWAT EQUIPMENT ENHANCEMENT PROJECT.

WHEREAS, The Town Council of the Town of Little Elm finds it is in the best interest of the citizens of the Town of Little Elm, that the Little Elm Police Department SWAT Equipment Enhancement Project be operated for the 2021-2022 FY; and

WHEREAS, The Town Council of the Town of Little Elm agrees that in the event of loss or misuse of the Office of the Governor funds, the Town Council of the Town of Little Elm assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, The Town Council of the Town of Little Elm designates the Town Manager as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject alter, or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED that The Town Council of the Town of Little Elm, Texas approves submission of the grant application for the Little Elm Police Department SWAT Equipment Enhancement Project to the Office of the Governor.

PASSED AND APPROVED this December 7, 2021

Curtis J. Cornelious, Mayor

ATTEST:

Caitlan Biggs, Town Secretary

Grant Number: 4198601



Date: 12/07/2021
Agenda Item #: 6. F.
Department: Public Works
Strategic Goal: Maintain operational integrity and viability
Staff Contact: Jason Shroyer, Director of Public Works

AGENDA ITEM:

Consider Action to Approve a **Ground and Tower Lease Agreement with T-Mobile West LLC, for the Installation, Maintenance, and Operation of Telecommunication Equipment and Associated Antenna at the Town's Elevated Storage Tank Located on the Southwest Corner of Little Elm Parkway and Eldorado Parkway.**

DESCRIPTION:

The Town was approached by T-Mobile several months ago concerning the ability to place various telecommunication equipment and antenna at the elevated storage tank site located at the southwest corner of Little Elm Parkway and Eldorado Parkway. This practice is fairly common in our area, as elevated storage tanks provide great locations for cellular equipment because of their heights and proximity to residents and businesses. For example, the Town currently has a similar lease agreement with AT&T for telecommunications equipment at the Walker Elevated Storage Tank.

The lease agreement with T-mobile provides them with a small area on the elevated tower site for the installation, maintenance, and operation of equipment as shown in exhibits B-1 — B-3 of the attached agreement. T-mobile will also erect antenna facilities to be located at the top of the elevated storage tank. For use of this area, T-mobile will pay a rent to the Town of \$3,500 per month. The initial term of the agreement is for five “5” years with the option to renew for an additional five “5” years. The agreement also spells out terms for cancellation or termination and procedures for adding new equipment in the future. The agreement has been reviewed by Town staff and the Town's attorney, and both recommend approval.

The rent associated with this project will be deposited in the Streetscape/Landscape Maintenance Fund and utilized for projects to help beautify the Town.

BUDGET IMPACT:

The rent associated with this project will be deposited in the Streetscape/Landscape Maintenance Fund.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Lease Agreement - T-Mobile Ground and Tower

GROUND AND TOWER LEASE AGREEMENT

THIS GROUND AND TOWER LEASE AGREEMENT (“Lease”), is entered into as of the ____ day of _____, 20__ (“Effective Date”), by and between the TOWN OF LITTLE ELM, a Texas municipal corporation (“OWNER”), and T-Mobile West LLC, a Delaware limited liability company (“TENANT”), having a corporate address of 12920 SE 38th St. Bellevue, WA 98006, and local address 7668 Warren Parkway, Frisco, TX 75034. In consideration of the promises and of the mutual obligations and agreements set forth in this Lease, the parties agree as follows:

1) THE LEASED SITE

a) OWNER is the owner of or has the right to control a certain parcel of real property upon which a water tower has been constructed, such parcel and water tower is located at 2450 Little Elm Parkway, Little Elm, Denton County, Texas, and is more specifically described on the attached Exhibit "A" (such parcel referred to as the “Property”).

b) TENANT hereby desires to lease a portion of the Property and a certain portion of the water tower located on the Property (the “Tower”), together with obtaining a right of ingress, egress and other access and a right to install utilities (the “Leased Site”). The ground space portion of the Leased Site which is the subject of this Lease is located within the Property and situated substantially as shown on the attached Exhibit “B-1”. With respect to the space on the Tower, its location and orientation are set forth on the attached Exhibit “B-2” and “B-3” providing wall details (any sketches in Exhibits may not be to scale and therefore are not intended to be used for measurement purposes), such Exhibit also showing the location for installation of the Antenna Facilities. As used in this Lease, “Antenna Facilities” will be deemed to mean all equipment, including antenna support structures, installed by and to be used by TENANT in connection with the operation of its telecommunications facility on the Leased Site, including the equipment described on Exhibit “C” attached hereto, as such equipment may be modified or added to from time to time in accordance with this Lease. TENANT will have the right to run cables, wires, conduits and pipes under, over and across the Property to connect TENANT’s Antenna Facilities on the Tower to its Antenna Facilities in its equipment building, if any, to be constructed on the ground space portion of the Leased Site. TENANT, its agents, employees, contractors, subcontractors and authorized representatives may park their vehicles on the Property when TENANT is constructing, removing, replacing, servicing, maintaining, securing and/or operating its Antenna Facilities as provided in this Lease.

c) TENANT may not add additional equipment and/or antenna from that shown on Exhibit “C” without the prior written approval of the OWNER, such approval not to be unreasonably withheld or delayed, provided however, that TENANT will be allowed to make such alterations to TENANT’s Antenna Facilities in order to ensure that TENANT’s Antenna Facilities comply with all applicable federal, state or local laws, rules or regulations. OWNER reserves the right to require TENANT to relocate its Antenna Facilities to a mutually agreeable location on the

Site Name: Little Elm WT
Site Number: DA03955A

Tower, temporarily, within one hundred twenty (120) days after written notice from OWNER, up to one time per five year period. Any relocation expenses will be the sole responsibility of TENANT unless the OWNER's relocation requirement results from OWNER's desire to lease space on the Tower to a non-governmental third-party user. In such a case, the third-party user will be obligated to reimburse TENANT for its reasonable relocation costs. In the event that the request to relocate is permanent and the parties cannot reasonably agree on a mutually acceptable alternative location on the Property, TENANT will have the right to terminate this Lease with sixty (60) days prior written notice to Owner without incurring any further financial liability to Owner for such early termination. This Lease is not a franchise nor is it a permit to use OWNER's public rights-of-way. Any such franchise or permit must be obtained separately from OWNER. For any required permanent relocations, Owner shall provide at least twelve (12) months' prior written notice to TENANT. If necessary in TENANT'S judgement, TENANT shall have the right to install a temporary communications facility at a mutually agreeable location on the Property.

d) TENANT's equipment building, if any, on the ground portion of the Leased Site will be installed on a slab foundation at TENANT's own expense and will be painted to match the Tower. The Antenna Facilities will also be painted by TENANT to match the Tower. TENANT's equipment building will be enclosed by a decorative masonry wall/fence and TENANT will provide plantings (plants, bushes, small trees) as to provide additional aesthetics. Wall/fence will achieve a height of at least six (6) feet and will encompass pad site as detailed on Exhibit "B-3". These said improvements will be reviewed and approved by the Town prior to construction. Said equipment buildings and Antenna Facilities will be owned by TENANT and will be removed from the site by TENANT within a reasonable period following termination of this Lease. Notwithstanding the foregoing, TENANT will not be required to remove any foundations or underground utilities. The equipment building will be used to house TENANT's communications equipment and all associated or related equipment of any type as deemed necessary or desirable by TENANT (this equipment will be included as part of the Antenna Facilities listed on Exhibit "C"). The equipment building will be placed adjacent to the Tower in the location described on Exhibit "B-1."

e) At such time as OWNER and TENANT may agree, this Lease may be amended by letter agreement or schedule along with the exhibits referenced in this Lease, executed by both TENANT and OWNER, to provide for placement of additional Antenna Facilities, such Antenna Facilities being subject to the terms and conditions set forth in this Lease unless otherwise provided. With regard to rent, the additional Antenna Facilities will be subject to the then current rent and term in effect and be increased as set forth in this Lease.

2) LEASE AND EASEMENT

a) During the term of this Lease, OWNER leases the Leased Site to TENANT and grants to TENANT a non-exclusive easement to access the Leased Site to install, remove, replace, and maintain the Antenna Facilities listed in Exhibit "C."

b) TENANT will have access to the Leased Site only with prior notice to OWNER. TENANT will notify OWNER twenty-four (24) hours in advance, except in an emergency. A representative of OWNER will accompany TENANT on the Leased Site. The foregoing will not

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limit OWNER's right to access the Leased Site at reasonable times to examine and inspect the premises for safety reasons or to ensure that the TENANT's covenants are being met, provided that OWNER will not disrupt TENANT's operations and will be accompanied by a representative of TENANT at all times.

3) TERM AND RENT

a) The initial term of this Lease will be five (5) years (the "Initial Term"), commencing upon the earlier of (i) first day of the month following TENANT'S start of construction of its Antenna Facilities; or (ii) the first day of the month following six months from the Effective Date (the "Commencement Date") and expire on the fifth anniversary thereof. During the first year of the Initial Term, TENANT will pay to OWNER as rent the sum of Three Thousand five hundred and No/100 Dollars (\$3,500) per month in advance on or before the fifth (5th) day of the respective month. However, TENANT may aggregate its rent payments by paying annually, in advance. OWNER agrees to provide TENANT with a W-9 form in advance of receiving TENANT'S rent payments. The initial Rent payment shall be due within thirty (30) days of the Commencement Date.

b) Upon the expiration of the Initial Term, this Lease will be automatically extended for one (1) additional renewal term of five (5) additional years ("Renewal Term") unless TENANT notifies OWNER in writing at least ninety (90) days prior of its intention not to renew this Lease. Thereafter, upon the expiration of the first Renewal Term, unless TENANT notifies OWNER in this same above-described manner, this Lease will automatically renew and extend for up to three (3) additional five (5) year Renewal Terms, each beginning upon the expiration of the term then in effect.

c) Beginning upon the first anniversary of the Commencement Date, and each anniversary thereafter during both the Initial Term and any and all Renewal Terms, if any, the monthly rent will be increased by an amount equal to three percent (3%) of the then current rent. As provided above, the monthly rent will be due in advance on or before the fifth (5th) day of the respective month. However, TENANT may aggregate its rent payments by paying annually, in advance.

d) Should this Lease still be in effect at the conclusion of all of the Renewal Terms provided for in this Lease, this Lease will continue in effect on the same terms and conditions [other than monthly rent which will be an amount equal to the monthly rent in effect for the preceding year, increased by fifteen percent (15%)] for a further period of one (1) year, and for like annual periods thereafter, until and unless terminated by either party by giving to the other at least ninety (90) days prior written notice of its intention to so terminate.

e) TENANT will pay OWNER a late payment fee equal to five percent (5%) of the amounts (including rental payments) if any monetary amounts due under this lease are not paid by TENANT after ten (10) business days written notice from OWNER that such amounts were not paid when due. Any amounts not paid when due will bear interest until paid at the lesser of the rate of two percent (2%) per month or the highest rate permitted by law.

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f) TENANT may update or replace the Antenna Facilities from time to time upon prior written notice to OWNER, provided that the replacement facilities are not materially greater in number or size than the existing facilities and that any change in their location on the Leased Site is approved in writing by OWNER. Any approval that is required from the OWNER will not be unreasonably withheld or delayed. For any modification or replacement requiring OWNER approval, TENANT will submit to OWNER a detailed proposal for any such replacement facilities and any supplemental materials as may be requested, for OWNER's evaluation and approval. However, if TENANT proposes to install any additional Antenna Facilities other than those listed on Exhibits "A", "B", "C" and "D" (excluding maintenance, repair or replacement of existing equipment as described above), OWNER reserves the right to proportionally increase the monthly rent, such rent being subject to the same escalation during Renewal Terms as detailed in Exhibit "D".

g) TENANT will pay to OWNER concurrently with the first rent payment made during the Initial Term of this Lease, Three Thousand five hundred and No/100 Dollars (\$3,500.00) to reimburse OWNER for costs associated with third party engineering review of the proposed Antenna Facilities to be installed at the Leased Site and inspection of the construction of the Antenna Facilities. Additional plan review and inspection costs will be borne solely by the TENANT, for any additional replacement or expansion of the Antenna Facilities which will be paid to OWNER based upon actual costs incurred by OWNER, within thirty (30) days of receipt by TENANT of OWNER's expenses under this paragraph.

4) USE OF THE LEASED SITE

a) TENANT will use the Leased Site for the installation, operation, modification, removal, and maintenance of its Antenna Facilities for the transmission, reception and operation of a communications system and uses incidental thereto and for no other uses. By taking possession of the Leased Site, TENANT accepts the Leased Site in the condition existing as of the Commencement Date of this Lease. OWNER makes no representation or warranty with respect to the condition of the Leased Site and OWNER will not be liable for any latent or patent defect in the Leased Site. OWNER may permit others to use other portions of the Property (including the Tower), provided, however, TENANT will have the exclusive use of its Antenna Facilities, equipment building and locations on the Tower as shown on Exhibit "C" hereto. TENANT may erect and operate additional Antenna Facilities in accordance with the terms of this Lease.

TENANT will, at its own expense, comply with all present and future federal state, and local laws, ordinances, rules and regulations (including laws and ordinances relating to health, radio frequency emissions, other radiation and safety) in connection with the use, operation, maintenance, construction and/or installation of the Antenna Facilities. OWNER agrees to reasonably cooperate with TENANT in obtaining, at TENANT's own expense any federal licenses and permits required for or substantially required by TENANT's use of the Property.

b) OWNER acknowledges that TENANT's ability to use the Leased Site for TENANT's intended purposes is contingent upon TENANT's obtaining and maintaining, both before and after the Effective Date of this Lease, all of the certificates, permits, licenses and other

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approvals (collectively known as “Governmental Approvals”) that may be required by any federal, state or local authority for the foregoing uses and improvements to the Leased Site desired by TENANT. OWNER will promptly cooperate with TENANT in TENANT’s efforts to obtain such Governmental Approvals and will take no action that would adversely affect TENANT’s obtaining or maintaining such Governmental Approvals.

c) TENANT will, at its own expense, maintain the Leased Site and any equipment on or attached to the Leased Site in a safe condition, in good repair and in a manner so as not to conflict with the use of or other leasing of the Leased Site by OWNER, subject to the terms of Paragraph 18.

d) TENANT will have sole responsibility for the maintenance, repair, and security of its equipment and personal property, Antenna Facilities, and leasehold improvements located on the Leased Site, and will keep the same in good repair and condition during the Lease term.

e) TENANT will keep the Leased Site free of debris and anything of a dangerous, noxious or offensive nature or which would create a hazard or undue vibration, heat, noise or interference.

f) In the event the OWNER or any other tenant undertakes painting, construction or other alterations on the Leased Site, OWNER shall provide at least one hundred twenty (120) days prior written notice, and TENANT will take reasonable measures at TENANT’s own cost to cover or temporarily remove TENANT’s equipment, personal property or Antenna Facilities and protect such from paint and debris fallout which may occur during the painting, construction or alteration process. OWNER agrees to use its reasonable efforts to permit TENANT to place temporary transmission and reception facilities on the Property at no additional rent until such time as TENANT is able to reinstall TENANT’s equipment, personal property or Antenna Facilities on the Tower. OWNER is not responsible or liable for any damage or injury that may occur if TENANT elects not to temporarily remove its Antenna Facilities, equipment or other personal property. All such construction, repairs or alterations will be subject to the terms of Paragraph 19 hereof.

5) TERMINATION

a) In addition to the other events giving rise to a right of lease termination, as such are set forth in this Lease, if any of the following occurs, TENANT will have the right to immediately terminate this Lease for cause by giving written notice to OWNER of such termination:

i) TENANT determines, in its sole discretion, that it will be unable to obtain all necessary Governmental Approvals for TENANT’s intended use of and improvements to the Leased Site desired by TENANT; or

ii) TENANT’s application for any Governmental Approvals necessary for TENANT’s use of the Leased Site and improvements desired by TENANT is denied; or

iii) any Governmental Approvals necessary for TENANT’s use of the Leased Site and/or improvements to the Leased Site, whether now or hereafter desired by TENANT, are canceled, expired, lapsed or are otherwise withdrawn, terminated or denied

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so that TENANT, in its reasonable judgment, determines that it will no longer be able to use the Leased Site for TENANT's intended use; or

iv) the Federal Communications Commission (which allocates the frequencies at which TENANT may operate its antennas and equipment) changes the frequencies at which TENANT operates its antennas and equipment, which change, in TENANT's reasonable judgment, renders its operation of a communications facility at the Leased Site obsolete; or

v) TENANT obtains, in its reasonable judgment, unacceptable results of any radio test, survey, title report or environmental study.

vi) for technological reasons, including but not limited to signal interference or network redundancy. TENANT shall provide at least ninety (90) days prior written notice if terminating pursuant to this subsection; or

vii) if there is a change in applicable laws or governmental regulations which adversely affects TENANT'S ability to operate its Antenna Facilities.

Any termination notice rendered by TENANT pursuant to this paragraph will cause the respective portion of this Lease to expire with the same force and effect as though the date set forth in such notice was the date originally set as the expiration date of this Lease. In the event of such termination, any prepaid, unearned rent will be refunded to TENANT by OWNER.

b) In addition, and provided that TENANT is not then in default under this Lease beyond all applicable cure periods, TENANT may, during any Renewal Term, upon ninety (90) days prior written notice to OWNER, terminate and cancel all or a portion of this Lease, if TENANT determines that any portion of the Leased Site has become unsuitable for TENANT's operations, upon payment in guaranteed funds to OWNER of a termination fee equal to three (3) months of the then current rent amount. As to such termination fee, TENANT will receive a credit equal to the amount of any unearned rent as of the date of such termination.

6) ASSIGNMENT AND SUBLETTING

a) Except to a "Partner Company," "Affiliate" or "Subsidiary" of TENANT (as defined below), or to an entity acquiring all or substantially all of TENANT's assets through merger, acquisition, sale or other similar transaction, TENANT will not assign this Lease, or allow it to be assigned, in whole or in part, by operation of law or otherwise, or mortgage or pledge the same, or sublet the Leased Site, or any part thereof, without the prior written consent of OWNER, such consent not to be unreasonably withheld or delayed.

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b) Each of the partners of TENANT is a Partner Company. An Affiliate of TENANT is any entity fifty-one percent (51%) or more of the ownership of which is owned, directly or indirectly, by TENANT. A Subsidiary of TENANT is any entity eighty percent (80%) or more of the ownership of which is owned by TENANT or under common control with TENANT.

c) No consent by OWNER to any assignment or sublease by TENANT will relieve TENANT from the obligation to obtain OWNER's express written consent to any other assignment or sublease.

d) Any sale or other transfer, including by consolidation, merger or reorganization, of a majority of the voting stock of TENANT, if TENANT is a corporation, or any sale or other transfer of a majority in interest (whether of profits, losses, capital or voting power) or a majority of the persons comprising the partners of or members of TENANT, if TENANT is a partnership or limited liability company, as the case may be, will not be an assignment for purposes of this Paragraph 6.

7) FIRE OR OTHER CASUALTY

a) If the Tower, or access to it, is damaged or destroyed by a casualty covered by the insurance carried by OWNER, it will be OWNER's sole option whether or not to commence appropriate repairs (to be diligently prosecuted to completion entirely at OWNER's expense). If OWNER decides to repair the Tower, this Lease will continue in full force and effect. If, however, the Tower is damaged to the extent that OWNER decides not to repair it, OWNER will deliver written notice to TENANT, within thirty (30) days after the casualty, of OWNER's election not to repair, restore and/or reconstruct the Tower but to designate a site on which TENANT may relocate in accordance with Paragraph 7(c) below. If, as a result of any such casualty, any portion of the Leased Site becomes totally or partially unusable by TENANT, rent will abate during the period of repair in the same proportion to the total rent as the portion of the Leased Site rendered unusable bears to the entirety of the Leased Site.

b) If OWNER (i) undertakes the repair, restoration and/or reconstruction of the Tower(s) or of any access thereto, but fails to complete such repair, restoration and/or reconstruction within forty-five (45) days after the casualty, (ii) notifies TENANT of OWNER's intention not to repair restore and/or reconstruct the Tower, or (iii) fails to deliver to TENANT the written notice required under Paragraph 7(a) within thirty (30) days, then TENANT may immediately cancel this Lease by giving written notice of its election to cancel to OWNER.

c) OWNER agrees that during any period of repair, restoration and/or reconstruction, OWNER will exercise its best efforts to designate a site TENANT may use, provided such site is available. The exact site to which TENANT may relocate will be determined by OWNER, and it may be upon any portion of the Property (or other property owned or controlled by OWNER), provided that TENANT reasonably approves the site as equally suitable for TENANT's intended uses. In the event the parties cannot reasonably agree on a mutually acceptable alternative location on the Property, TENANT will have the right to terminate this Lease immediately upon written notice to OWNER without incurring any further financial liability to OWNER for such early

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termination. In addition, TENANT shall have the right to install and operate a temporary communications facility at a mutually agreeable location on the Property.

8) INDEMNIFICATION AND INSURANCE

a) *Mutual Indemnity.* OWNER and TENANT each indemnifies the other against and shall defend and hold the other harmless from any and all costs, demands, damages, suits, expenses, or causes of action (including reasonable attorney's fees and court costs) which arise in whole or in part from: a) the use and/or occupancy of the Property by the indemnifying party; and b) any failure on the part of the indemnifying party to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed. This indemnification obligation includes acts and/or omissions of the indemnifying parties' agents, contractors, subcontractors, servants, employees, sublicensees, licensees or invitees. This indemnity does not apply to any claims arising in whole or in part from the negligence or intentional misconduct of the indemnified party. Each party shall indemnify, hold harmless and defend the other against loss from their acts and the acts of their employees, contractors and agents, excepting, however, such claims or damages as may be due to or caused by the negligent acts or omissions of the other party, or its employees, contractors and agents. OWNER and TENANT hereby mutually release each other (and their successors or assigns) from liability and waive all right of recovery against the other for any loss or damage covered by their respective first party property insurance policies for all perils insured thereunder. In the event of an insured loss, neither party's insurance company shall have a subrogated claim against the other party.

b) TENANT will provide OWNER with a certificate of insurance issued by an insurance company authorized to do business in Texas indicating that TENANT carries commercial general liability insurance with limits of liability thereunder of not less than \$1 million combined single limit for bodily injury and/or property damage together with an endorsement for contractual liability. Such insurance will include OWNER and its employees, agents and officers as an additional insured with respect to matters arising out of TENANT's use of and operations at the Leased Site. TENANT will provide OWNER with a renewal certificate within thirty (30) business days of OWNER's written request for such certificate. TENANT shall provide OWNER any required certificates of insurance to the email in the NOTICES section for OWNER. Any insurance required to be provided by TENANT under this Lease may be provided by a blanket insurance policy covering the Leased Site and other locations of TENANT, provided such blanket insurance policy complies with all of the other requirements of this Lease with respect to the type and amount of insurance required. TENANT may also fulfill its requirements under this Lease through a program of self-insurance. If TENANT elects to self-insure, then TENANT will furnish OWNER with a letter stating that there is a self-insurance program in effect that provides for the same, or greater, coverage than required of TENANT under this Lease.

c) All insurance policies maintained pursuant to this Lease will provide a 30 day notice of cancellation and such notice will be provided to OWNER as an additional insured

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d) TENANT agrees to indemnify and save harmless OWNER and its agents, employees and officers from and against the payment of any deductible and from the payment of any premium on any insurance policy required to be furnished by TENANT for this Lease.

e) TENANT will require that each and every one of its contractors and their subcontractors carry, in full force and effect, workers' compensation, commercial general liability and automobile liability insurance coverages of the type which TENANT is required to obtain under the terms of this Lease with appropriate limits of insurance.

9) UTILITIES

TENANT will be responsible directly to the serving entities for all utilities required by TENANT's use of the Leased Site, however, OWNER agrees to cooperate with TENANT in its efforts to obtain utilities from any location provided by the OWNER or the servicing utility. Should electric power be provided by OWNER, TENANT will install an electric meter and TENANT's usage will be read by OWNER (or, at TENANT's option and cost, by a meter reading service selected by TENANT) on a monthly basis and the cost of electricity used by TENANT will be paid monthly by TENANT to OWNER, upon thirty (30) days prior written notice thereof, as a payment separate from rent.

10) RIGHTS TO EQUIPMENT; CONDITION ON SURRENDER

TENANT's Antenna Facilities will remain personal to and the property of TENANT. At the termination or expiration of this Lease, TENANT will (A) remove its Antenna Facilities within thirty (30) days of the expiration or termination of this Lease, (B) repair any damage caused by such removal, (C) with respect to any land leased, remove all of its equipment to two feet below grade, and (D) otherwise surrender the Leased Site at the expiration of the term (as the same may have been extended or the earlier termination thereof) in good condition, ordinary wear and tear excepted.

11) TENANT DEFAULTS

a) The occurrence of any one or more of the following events will constitute an "Event of Default" hereunder by TENANT:

i) TENANT's failure to make any payment of rent or any other payment required to be made by TENANT hereunder, as and when due, where such failure will continue for a period of twenty (20) days after written notice thereof is received by TENANT from OWNER.

ii) TENANT's failure to observe or perform any of the covenants or provisions of this Lease to be observed or performed by TENANT, other than as specified in Paragraph 11(a)(1), where such failure will continue for a period of thirty (30) days after written notice thereof is received by TENANT from OWNER; provided, however, that it will not be deemed an Event of Default by TENANT if TENANT will commence to cure such failure

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within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

b) If there occurs an Event of Default by TENANT, in addition to any other remedies available to OWNER at law or in equity, OWNER will have option to terminate this Lease and all rights of TENANT hereunder upon thirty (30) days prior written notice to TENANT.

c) If there occurs an Event of Default by TENANT and the Lease is terminated, OWNER will have the right to re-enter the Leased Site and remove persons or property from the Leased Site or the Tower if TENANT fails to do so within sixty (60) days from the termination date of this Lease.

12) NOTICES

All notices must be in writing and, unless otherwise provided in this Lease, will be deemed validly given if sent by certified mail, return receipt requested, addressed as follows (or to any other mailing address which the party to be notified may designate to the other party by such notice). Notice by any other method (whether by hand-delivery, overnight delivery service, or otherwise) will only be deemed effective upon receipt by the intended recipient. Should OWNER or TENANT have a change of address, the other party will immediately be notified as provided in this paragraph of such change. Unless OWNER otherwise specifies in writing, rent payments from TENANT will be sent to the person listed below to whom notices are sent.

TENANT:

T-Mobile USA Inc.
Attn: Lease Compliance/DA03955A
Corporate address: 12920 SE 38th St.
Bellevue, WA 98006

OWNER:

Town of Little Elm
Attn: Public Works
Address: 100 West Eldorado Pkwy
Little Elm, Texas
jshroyer@littleelm.org

13) SALE OR TRANSFER BY OWNER

Should OWNER, at any time during the term of this Lease, sell, lease, transfer or otherwise convey all or any part of the Property to any transferee other than TENANT, then such transfer will be under and subject to this Lease and all of TENANT's rights hereunder.

14) HAZARDOUS SUBSTANCES

a) OWNER and TENANT shall comply with all federal, state and local laws in connection with any substances brought onto the Property that are identified by any law, ordinance or regulation as hazardous, toxic or dangerous (collectively, the "Hazardous Substances"). TENANT agrees to be responsible for all losses or damage caused by any Hazardous Substances that it may bring onto the Property and will indemnify OWNER for all such losses or damages. OWNER agrees to be responsible for all losses or damage caused by any Hazardous Substances on or entering the Property, except those brought onto the Property by TENANT, and will indemnify TENANT for all such losses or damages including the cost of any investigation or remediation, or other actions required to comply with applicable law. OWNER represents that it has no knowledge of any Hazardous Substances on the Property.

15) CONDEMNATION

a) In the event the whole of the Property, including without limitation the Leased Site and the Tower, will be taken or condemned, either temporarily or permanently, for public purposes, or sold to a condemning authority under threat of condemnation to prevent taking, then this Lease will automatically cease and terminate.

b) In the event any portion of the Leased Site or the Tower will be taken or condemned, either temporarily or permanently, for public purposes, or sold to a condemning authority under threat of condemnation to prevent taking, then OWNER agrees that if TENANT agrees, then TENANT may use and/or construct upon an alternative portion of the Property, as selected by OWNER, which is equally suitable for TENANT's purposes, provided such space is available. The exact site to which TENANT may relocate will be determined solely by OWNER, and it may be upon any portion of the Property (or other property owned or controlled by OWNER), provided that TENANT reasonably approves the site as equally suitable for TENANT's intended uses. OWNER will designate a site to which TENANT may relocate prior to the taking, condemnation or sale. In the event no alternative portion of the Property (or other property owned or controlled by OWNER) is equally suitable for the purposes of TENANT, then this Lease will automatically cease and terminate.

c) OWNER will receive the entire condemnation award for land, the Tower and such other improvements as are paid for by OWNER, and TENANT hereby expressly assigns to OWNER any and all right, title and interest of TENANT now or hereafter arising in and to any such award. TENANT will have the right to recover from such authority, but not from OWNER, any compensation as may be awarded to TENANT on account of the leasehold interest, moving and relocation expenses, its Antenna Facilities, and depreciation to and removal of the personal property and fixtures of TENANT.

16) LIENS

TENANT will keep the Leased Site free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for TENANT. TENANT will, within twenty (20) days following TENANT'S notification of the filing of any such lien, cause the same to be released of record by payment or posting of a proper bond. No work which OWNER permits TENANT to perform on the Leased Site will be deemed to be for the use and benefit of OWNER so that no mechanic's or other liens will be allowed against the estate of OWNER by reason of its consent to such work. OWNER will have the right to post notices that it is not responsible for payment for any such work.

17) TAXES

a) TENANT will be liable for and will pay to the applicable taxing authority, if billed directly to TENANT, or to OWNER if billed to OWNER, upon thirty (30) days prior written notice from OWNER, any and all taxes and assessments levied against any personal property or trade or other fixtures placed by TENANT in or about the Leased Site.

b) TENANT will pay as additional rent any increases in real property taxes levied against the Property, including the Tower, as a sole and direct result of the improvements constructed by TENANT on the Leased Site. OWNER shall provide documentation evidencing such tax liability to TENANT.

c) Any charges payable under this Lease other than Rent shall be billed by OWNER to TENANT within twelve (12) months from the date the charges were incurred or due; otherwise the charges shall be deemed time-barred and forever waived and released by OWNER.

18) QUIET ENJOYMENT AND NON-INTERFERENCE

a) OWNER warrants and agrees that TENANT, upon paying the rent and performing the covenants provided for in this Lease, will peaceably and quietly have and enjoy the Leased Site. Owner will nevertheless continue to have access to the Leased Site as set forth in this Lease.

b) OWNER hereby grants to TENANT, as a primary inducement to TENANT entering into this Lease, the right to install its Antenna Facilities on the Tower (as set forth and listed on Exhibits "B-1," "B-2," "B-3" and "C") and operate its Antenna Facilities on the Tower and the ground space portion of the Leased Site (as set forth on Exhibits "B-1", "B-2" and "B-3"). TENANT represents and warrants that its use and operation of its Antenna Facilities will not interfere with the use and operation of other communication facilities on the Tower which pre-existed TENANT's Antenna Facilities and are owned by either OWNER or a pre-existing tenant of OWNER, so long as such parties are operating pursuant to and in compliance with applicable laws and governmental regulations. If TENANT's Antenna Facilities cause such interference, TENANT

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will take all measures reasonably necessary to correct and eliminate the interference. If the interference cannot be eliminated in forty-eight (48) hours of TENANT'S notification thereof, TENANT will immediately cease operating its Antenna Facilities causing such interference until the interference has been eliminated. If the interference cannot be eliminated within twenty (20) days, OWNER or TENANT may terminate this Lease as its sole and exclusive remedy, but OWNER shall not have the right to terminate in the event TENANT has turned off such interfering Antenna Facilities. TENANT's installation, operation, and maintenance of its Antenna Facilities will not damage or interfere in any way with the operations or related repair and maintenance activities or with such activities of other pre-existing tenants. TENANT agrees to cease all such actions which materially interfere with the use of the Leased Site upon actual notice of such interference, provided however, in such case, TENANT will have the right to terminate this Lease.

d) For the purposes of this provision, "interference" may include, but is not limited to, any other use on the Property or any other use on the other properties that causes electronic, physical or obstruction interference with, or degradation of the communications signals from TENANT's Antenna Facilities as such meaning is defined by the FCC. After the Effective Date, OWNER shall not install, or permit any third party to install, any equipment or structures that interfere with or restrict the operations of TENANT. Any such interference shall be deemed a material breach of this Lease by OWNER and OWNER shall remove the cause of the interference within forty-eight (48) hours of notice notwithstanding any other cure periods in this Lease. TENANT shall have the right to exercise all legal and equitable rights and remedies to end the interference, including the right to terminate this Lease.

19) COORDINATION OF OPERATION

As a consequence of the proposed twenty-four (24) hour daily basis of operation by TENANT, OWNER acknowledges that any action undertaken or permitted by OWNER in making repairs, alterations, additions or improvements to the Tower that might interfere with, suspend, cut-off or terminate access to or use by TENANT of the Leased Site or TENANT's Antenna Facilities, including without limitation, air-conditioning and utilities thereto, could cause inconvenience, expense and economic loss to TENANT. Therefore, OWNER agrees (i) to use its best efforts to minimize such inconvenience, possible loss or expense to TENANT by using its best efforts not to cause or permit any interruption or interfere with the operations of TENANT's antennas or equipment, particularly during the hours of 4:00 p.m. to 7:00 p.m. on any weekday, and (ii) except in emergency situations that involve the imminent threat of harm to health or safety, as reasonably determined to exist by the OWNER, to give TENANT one hundred twenty (120) days advance notice of any normal or routine repairs, alterations, additions or improvements to be made with respect to the maintenance and operation of the Tower and the Leased Site or of any planned shutdowns associated with the Tower for scheduled or routine maintenance that might adversely affect the operation of TENANT's communications facility or Antenna Facilities.

20) BROKERS

If either party is represented by any broker or any other leasing agent, such party is responsible for all commission fee or other payment to such agent.

21) ESTOPPEL CERTIFICATES

a) TENANT, at the request of OWNER, will provide OWNER with a certificate stating: (i) that this Lease is unmodified and in full force and effect (or, if there has been any modification, that the same is in full force and effect as modified and stating the modification); (ii) whether or not, to TENANT's knowledge, there are then existing any set-offs, or defenses against the enforcement by OWNER of any of TENANT's agreements, terms, covenants or conditions hereof (and, if so specifying the same); and (iii) the dates, if any, to which the rent has been paid in advance.

b) OWNER, at the request of TENANT, will provide TENANT with a certificate stating: (i) whether OWNER has any claim against TENANT and if so, stating the nature of such claim; (ii) that OWNER recognizes TENANT's right to TENANT's antennas, equipment and other property; (iii) that TENANT has the right to remove TENANT's equipment and other property from the Leased Site notwithstanding that same may be considered a fixture under local law; and (iv) that OWNER has no interest in and disclaims any interest to TENANT's equipment and other property.

22) MISCELLANEOUS PROVISIONS

a) OWNER warrants and agrees that OWNER is seized of good and sufficient title to and interest in the Leased Site and has full authority to enter into and execute this Lease and that there are no undisclosed liens, judgments or impediments of title on the Property that would affect this Lease.

b) This Lease, including attached exhibits which are hereby incorporated by reference, incorporates all agreements and understandings between OWNER and TENANT, and no verbal agreements or understandings will be binding upon either OWNER or TENANT, and any addition, variation or modification to this Lease will be ineffective unless made in writing and signed by the parties.

c) OWNER agrees that the Property (including, without limitation, the Tower), and all improvements, comply and during the term of this Lease will continue to comply with all building, life/safety, disability and other laws, codes and regulations of any applicable governmental or quasi-governmental authority. All such compliance will be accomplished at OWNER's sole cost and expense.

d) This Lease and the performance hereof will be governed, interpreted, construed and regulated by the laws of the State of Texas.

e) This Lease, and each and every covenant and condition herein, is intended to benefit the Leased Site and will extend to and bind the heirs, personal representatives, successors and assigns of the parties.

f) The parties agree that all of the provisions hereof will be construed as both covenants and conditions, the same as if the words importing such covenants and conditions had been used in each separate paragraph.

g) The parties acknowledge that each has had an opportunity to review and negotiate this Lease and have executed this Lease only after such review and negotiation. The language of each part of this Lease will be construed simply and according to its fair meaning, and this Lease will not be construed more strictly in favor or against either party.

h) Provided OWNER uses its best efforts to provide promptly to TENANT a mutually agreeable Subordination, Non-Disturbance and Attornment Agreement, any mortgage now or subsequently placed upon any property of which the Leased Site are a part will be deemed to be prior in time and senior to the rights of the TENANT under this Lease, and TENANT will subordinate all of its interest in the leasehold estate created by this Lease to the lien of any such mortgage. TENANT will, at the request, execute any commercially reasonable, additional documents necessary to indicate this subordination.

i) If OWNER breaches this Lease in any manner or substantially breaches any material term contained in any mortgage or deed of trust superior to TENANT's estate or contained in any lease under which OWNER holds title to any portion of the Property, and if OWNER fails to commence to cure such breach within thirty (30) days after receiving a written notice from TENANT exactly specifying the violation (or if OWNER fails thereafter to diligently prosecute the cure to completion), then TENANT may, in addition to any other rights or remedies it may have, immediately terminate this Lease.

j) If any portion of this Lease is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion will be deemed modified to the extent necessary in such court's opinion to render such portion enforceable and, as so modified, such portion and the balance of this Lease will continue in full force and effect.

k) The captions of the paragraphs of this Lease are for convenience of reference only and will not affect the interpretation of this Lease.

l) Only qualified and adequately insured agents, employees or contractors of Tenant's will be permitted to climb the Tower or to install or remove TENANT's Antenna Facilities from the Tower. OWNER retains the right to permit its own employees and agents and employees and agents of subsequent users of the Tower, to climb the Tower for all purposes that do not interfere with the TENANT's use of the Tower, as long as such subsequent users comply with the non-interference provisions of this Lease.

m) Concurrently with the execution of this Lease, OWNER will execute before a notary and deliver to TENANT for recording a "Memorandum of Lease Agreement" in the form attached as Exhibit "E", with the same Exhibits "A," "B-1," "B-2", "C" and "D" as are attached to this Lease. Such Memorandum will not disclose any financial terms, unless required to do so by the laws of such jurisdiction.

Site Name: Little Elm WT
Site Number: DA03955A

IN WITNESS WHEREOF, OWNER and TENANT have duly executed this Lease as of the Effective Date.

TENANT: T-MOBILE WEST LLC

By: _____
Name: _____
Title: _____



Erica Mateen

Digitally signed by Erica Mateen
Date: 2021.11.15 14:36:13 -0600

TMO Signatory Level : L06

T-Mobile legal approval as to form

OWNER: TOWN OF LITTLE ELM

By: _____
Name: Curtis Cornelious
Title: Mayor

ATTEST:

Kate Graham
Acting Town Secretary

APPROVED AS TO FORM:

ROBERT F. BROWN
Town Attorney

Site Name: Little Elm WT
Site Number: DA03955A

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

LOT 2, BLOCK 1, 2MG ADDITION, AN ADDITION TO THE CITY OF LITTLE ELM,
DENTON COUNTY, TEXAS,
ACCORDING TO THE PLAT THEREOF RECORDED IN DOCUMENT NO. 2013-327,
OFFICIAL PUBLIC RECORDS OF
DENTON COUNTY, TEXAS.

Site Name: Little Elm WT
Site Number: DA03955A

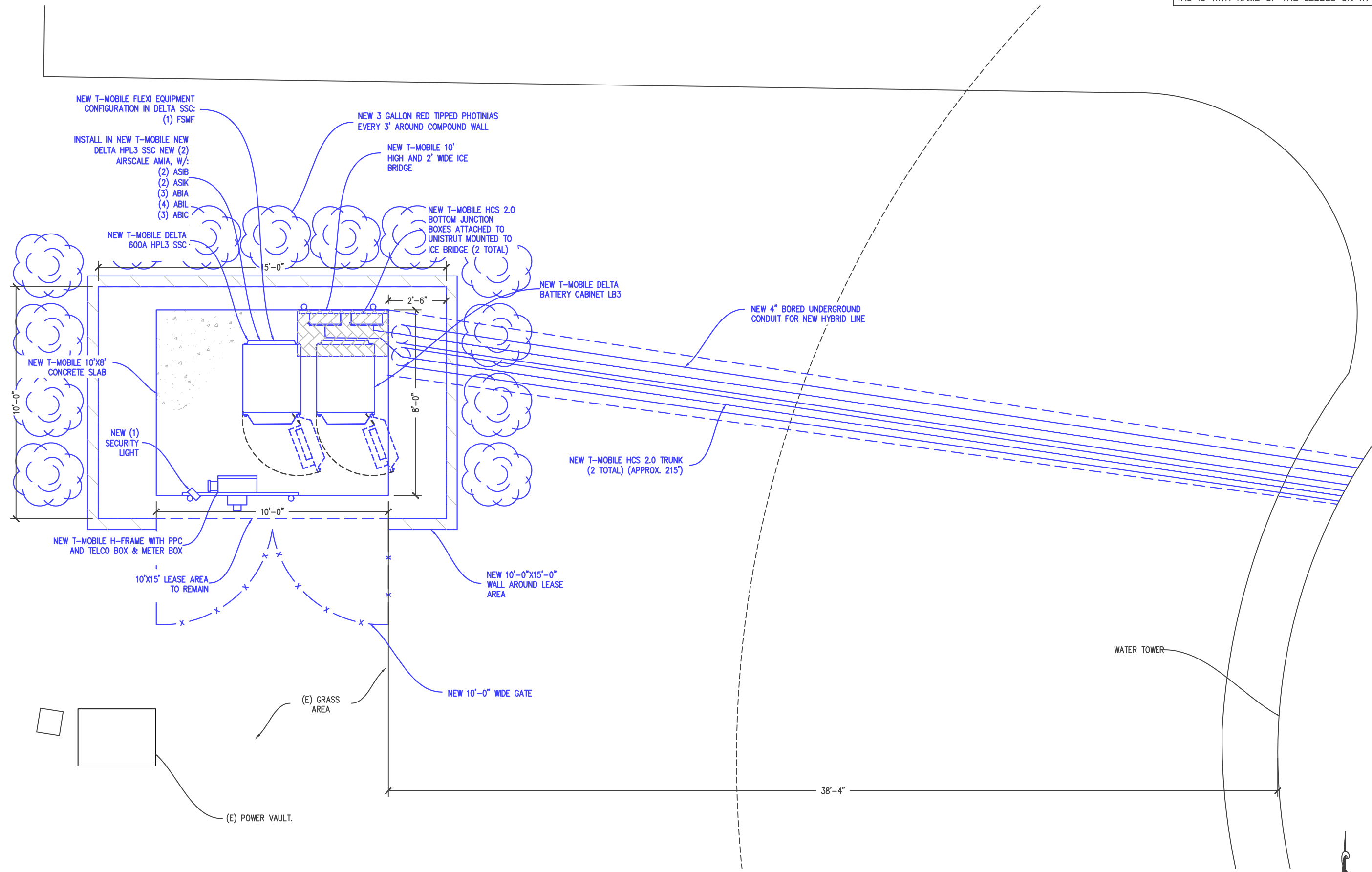
EXHIBIT "B-1"

LEASED SITE

The ground space portion of the Leased Site is substantially situated as follows:

See the attached drawing.

NOTE: TOP AND BOTTOM OF ALL COAX
RUNS ARE TO BE LABELED WITH A BRASS
TAG ID WITH NAME OF THE LESSEE ON IT.



ENLARGED SITE PLAN
SCALE: 1/2"=1'-0"

DRAWN BY:	MN	REVIEWED BY:	EPB
CHECKED BY:	EPB	APPROVED BY:	EPB
JOB NUMBER:		DESCRIPTION	DATE
		PCD REV 1	PRELIM CDS 01/19/19
		FCD REV 0	FINAL CDS 02/12/19
		FCD REV 2	FINAL CDS 03/03/21
		FCD REV 3	FINAL CDS 06/20/21



4 COUNTRY PLACE CIRCLE
DALWORTHINGTON GARDENS
TEXAS 76016
OFFICE: (817) 349 3449
FAX: 800 401 4234

EPB ASSOCIATES, INC.

Civil + Structural Engineers
TX Registration No. F-9923
14114 Dallas Pkwy, #472
Dallas, Texas 75254
(972) 239-5495



7668 WARREN PARKWAY
FRISCO, TX 75034

SITE NUMBER:
DA03955A

SITE NAME:
DA03955A LITTLE ELM WT

SITE ADDRESS:
2450 LITTLE ELM
PARKWAY,
LITTLE ELM,
TX 75068



SHEET NAME: ENLARGED SITE PLAN	SHEET #: C-2

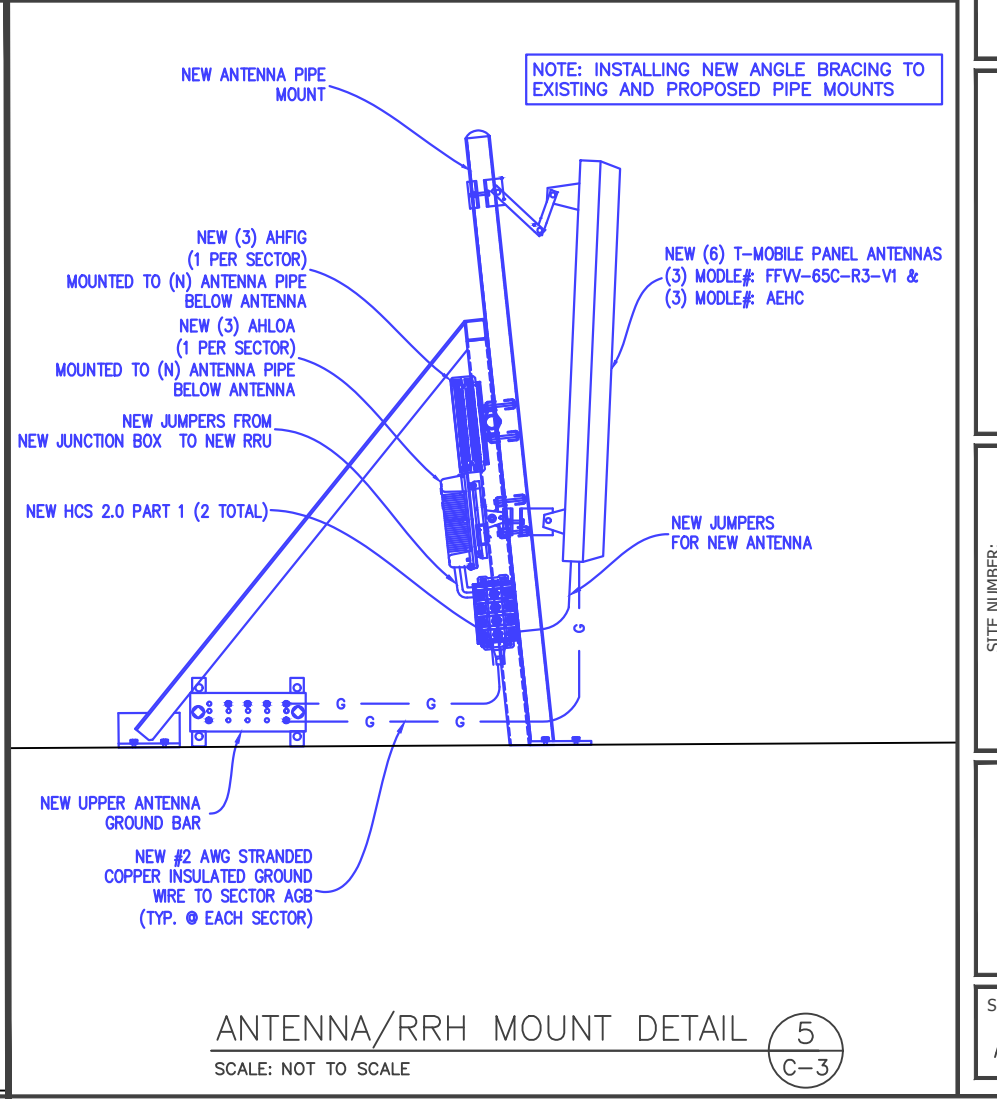
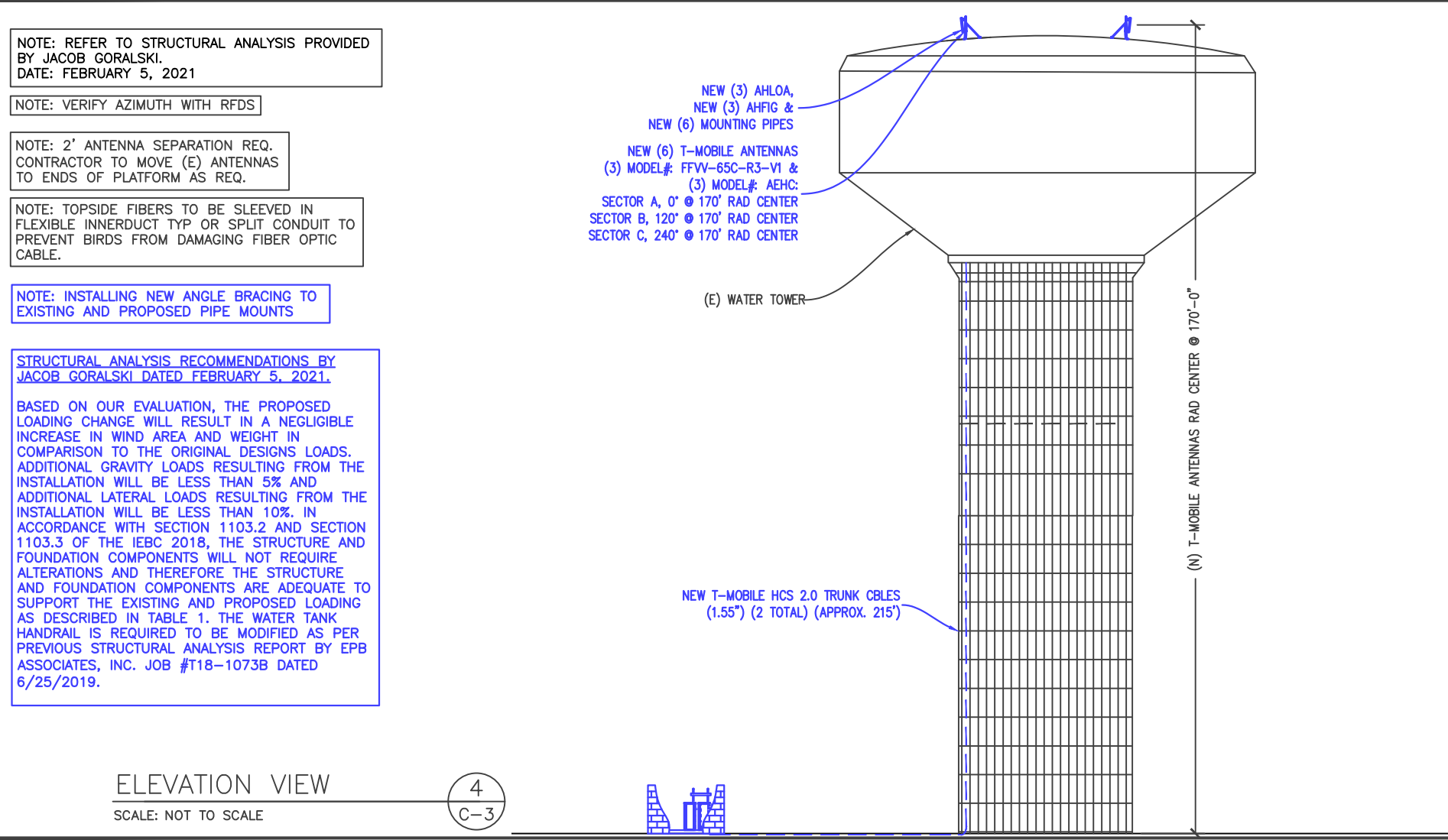
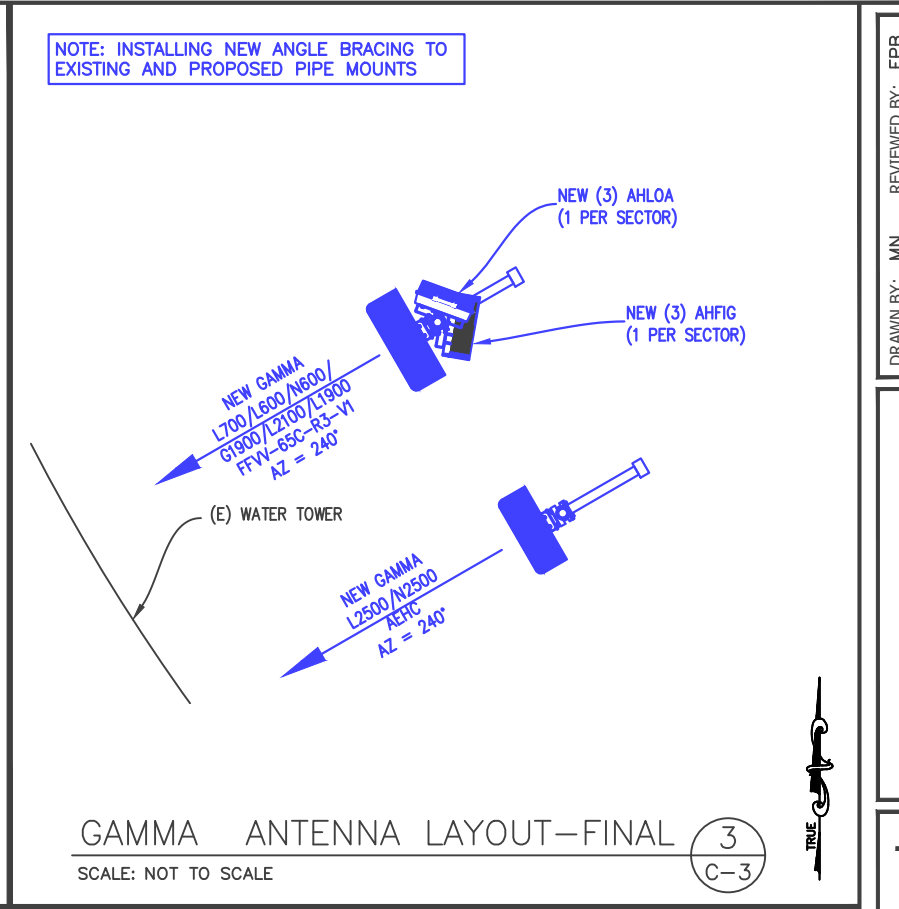
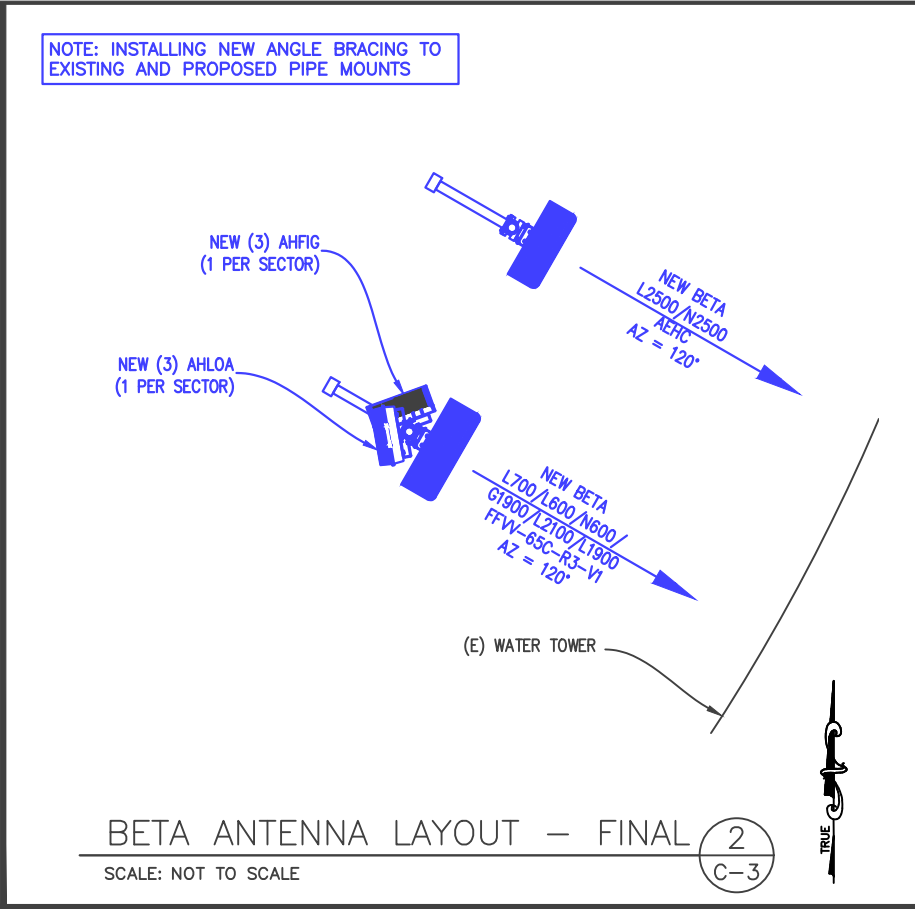
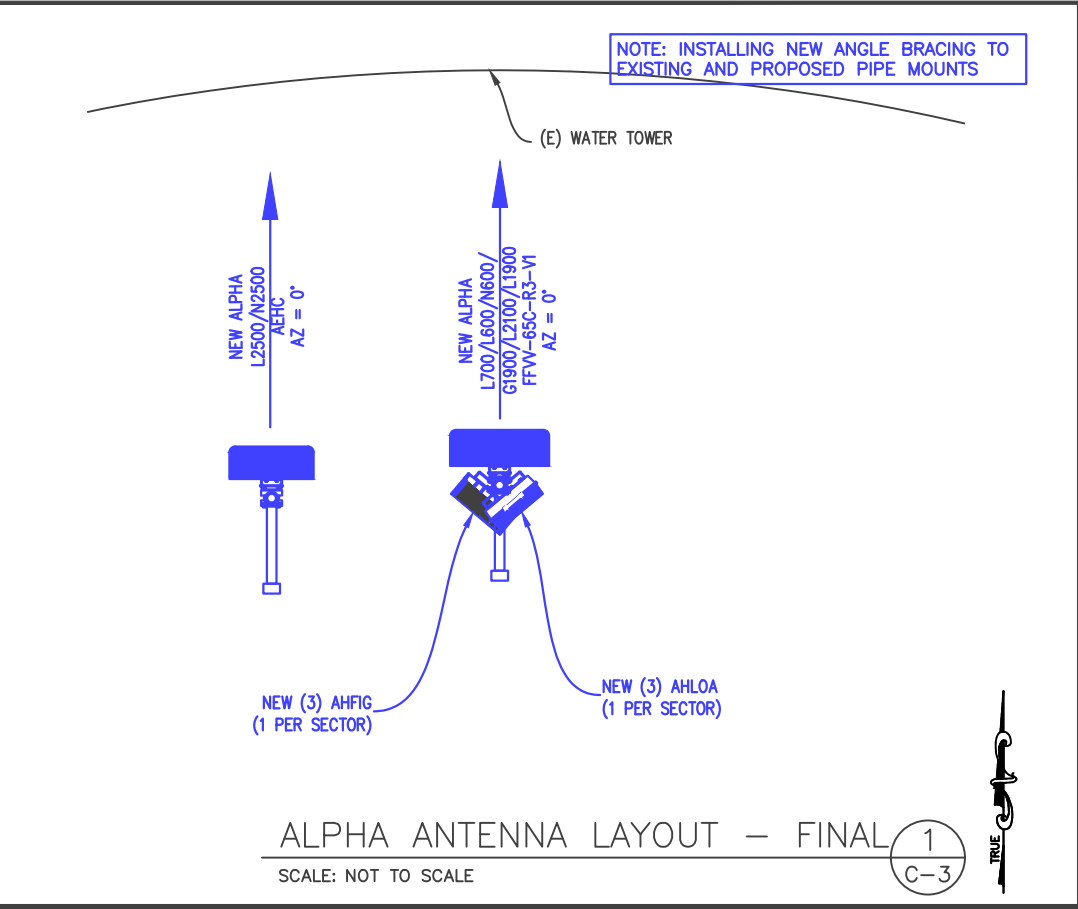
Site Name: Little Elm WT
Site Number: DA03955A

EXHIBIT "B-2"

TOWER

The location and orientation of the space on the Tower are as follows:

See the attached drawing.



DRAWN BY:	MN	REVIEWED BY:	EPB
CHECKED BY:	EPB	APPROVED BY:	EPB
JOB NUMBER:	DA03955A	DATE	
REV	DESCRIPTION	DATE	
PCD REV 1	PRELIM CDS	01/19/19	
FCD REV 0	FINAL CDS	02/12/19	
FCD REV 2	FINAL CDS	03/03/21	
FCD REV 3	FINAL CDS	06/20/21	

BROADUS services

4 COUNTRY PLACE CIRCLE
DALWORTHINGTON GARDENS
TEXAS 76016

OFFICE: (817) 349 3449
FAX: 800 401 4234

EPB ASSOCIATES, INC.

Civil & Structural Engineers
TX Registration No. F-9923
14114 Dallas Pkwy, #472
Dallas, Texas 75254
(972) 239-5495

T-Mobile

7668 WARREN PARKWAY
FRISCO, TX 75034

SITE NUMBER: DA03955A
SITE NAME: DA03955A LITTLE ELM WT
SITE ADDRESS: 2450 LITTLE ELM PARKWAY, LITTLE ELM, TX 75068

STATE OF TEXAS
EDGARDO P. BRANDAO
39216
LICENSED PROFESSIONAL ENGINEER
7-9-21

SHEET NAME: ELEVATION & ANTENNA LAYOUT
SHEET #: C-3

Site Name: Little Elm WT
Site Number: DA03955A

EXHIBIT "B-3"

Wall Detail

The wall/fence and plantings detail as required in the lease agreement are as follows:

See the attached drawing.

Site Name: Little Elm WT
Site Number: DA03955A

EXHIBIT "C"

ANTENNA FACILITIES

Site Name: Little Elm WT
Site Number: DA03955A

EXHIBIT "D"

RATE STRUCTURE FOR ADDITION OF EQUIPMENT

	Monthly	Units	Annual
Antennas	\$200	1	\$2,400
Radios	\$100	1	\$1,200
Hardware	\$50	1	\$600



Date: 12/07/2021
Agenda Item #: 7. A.
Department: Economic Development Corporation
Strategic Goal: Promote and expand Little Elm's identity
Staff Contact: Jennette Espinosa, EDC Executive Director

AGENDA ITEM:

Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1647 regarding accepting and approving a Service and Assessment Plan ("SAP") and Assessment Roll for the Valencia Public Improvement District (the "District"); Phase #2B-1.**

Open Public Hearing:

Receive Public Comments:

Close Public Hearing:

Take Action on Ordinance No. 1647

DESCRIPTION:

The Town Council will conduct a public hearing to consider testimony and act upon Ordinance No. 1647 accepting and approving a final, Service and Assessment Plan ("SAP") and Assessment Roll for the Valencia Public Improvement District (the "District"); making a finding of special benefit to the property in Phase #2B-1 of the District; Levying assessments against the property within Phase #2B-1 of the District and establishing a lien on such property; providing for the method of assessment and the payment of the assessments in accordance with Chapter 372, Texas Local Government Code, as amended.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff recommends holding the Public Hearing for discussion of the Proposed Levy and Assessment of the Valencia Public Improvement District and approval of Ordinance No. 1647.

Attachments

Ordinance No. 1647

ORDINANCE NO. 1647

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE VALENCIA PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN PHASE #2B-1 OF THE DISTRICT; LEVYING ASSESSMENTS AGAINST PROPERTY WITHIN PHASE #2B-1 OF THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, a petition was submitted and filed with the Town Secretary or Acting Town Secretary (either, the "Town Secretary") of the Town of Little Elm, Texas (the "Town") 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 Town; and

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

WHEREAS, on September 17, 2013, after due notice, the Town Council of the Town (the "Town Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on September 17, 2013, the Town Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 09171301 (the "Authorization Resolution"), adopted by a majority of the members of the Town Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, the Town published the Authorization Resolution as required by law; and

WHEREAS, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the Town Secretary; and

WHEREAS, on November 16, 2021, the Town Council adopted a resolution approving a preliminary service and assessment plan, including a proposed assessment roll for Phase #2B-1 (as defined in the Service and Assessment Plan, as defined below) of the District; calling for a public hearing to consider an ordinance levying assessments on property within Phase #2B-1 of

the District (the "Assessments"); authorizing and directing the Town Secretary of the Town to file the proposed assessment roll for Phase #2B-1 of the District and make such assessment roll available for public inspection; authorizing and directing the publication of notice of a public hearing to consider the levying of the Assessments against the property within Phase #2B-1 of the District (the "Levy and Assessment Hearing"); authorizing and directing the mailing of notice of the Levy and Assessment Hearing to owners of property liable for assessment; and directing related action; and

WHEREAS, on November 17, 2021 the Town Secretary filed the Assessment Roll (defined below) and made the same available for public inspection; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(b) of the PID Act, published notice of the Levy and Assessment Hearing on November 21, 2021 in the *Denton Record-Chronicle*, a newspaper of general circulation in the Town; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Levy and Assessment Hearing to the last known addresses of the owners of the property liable for the Assessments; and

WHEREAS, on December 7, 2021, the Town Council convened the Levy and Assessment Hearing, 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 Assessment Roll (as defined below) related to Phase #2B-1, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the improvements to be undertaken for the benefit of the Phase #2B-1 Local Improvement Assessed Property (as defined in the Service and Assessment Plan) (the "Phase #2B-1 Local Improvements"), the purposes of the Assessments, the special benefits of the Phase #2B-1 Local Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the Town Council finds and determines that the Assessment Roll and the Valencia Public Improvement District Service and Assessment Plan, dated December 7, 2021, in a form substantially similar to the attached *Exhibit A*, which final form shall be approved by the Town Manager and the Town's advisors (as updated, the "Service and Assessment Plan"), and which is incorporated herein for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and the assessment roll attached thereto as Appendix I-3 (the "Assessment Roll"); and

WHEREAS, the Town Council further finds that there were no objections or evidence submitted to the Town Secretary in opposition to the Service and Assessment Plan, the allocation of the Actual Costs of the Phase #2B-1 Local Improvements (as described in the Service and Assessment Plan), the Assessment Roll, or the levy of the Assessments against the Phase #2B-1 Local Improvement Assessed Property; and

WHEREAS, the owners (the "Landowners"), or their representatives, of the majority of the privately-owned and taxable property located within Phase #2B-1 of the District, who are the

persons to be assessed pursuant to this Ordinance, have previously indicated their approval and acceptance of the Service and Assessment Plan, approval of the Assessment Roll, approval of this Ordinance, and approval of the levy of the Assessments against their property located within Phase #2B-1 of the District; and

WHEREAS, the Town Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the Town, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the PID Act.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:

Section 1. Terms.

Terms not otherwise defined herein are defined in the Service and Assessment Plan.

Section 2. Findings.

The findings and determinations set forth in the preambles hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section. The Town Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the Actual Costs of the Phase #2B-1 Local Improvements (as reflected in the Service and Assessment Plan), and the Administrative Expenses (as defined in and as described by the Service and Assessment Plan) is fair and reasonable, reflects an accurate presentation of the special benefit each assessed parcel of Phase #2B-1 Local Improvement Assessed Property will receive from the construction of the Phase #2B-1 Local Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan (i) covers a period of at least five years, (ii) defines the annual indebtedness and projected costs for the Phase #2B-1 Local Improvements, and (iii) includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended;

(c) The Service and Assessment Plan apportions the Actual Costs of the Phase #2B-1 Local Improvements to be assessed against the Phase #2B-1 Local Improvement Assessed Property as Assessments and such apportionment is made on the basis of special benefits accruing to the property because of the Phase #2B-1 Local Improvements;

(d) All of the real property in Phase #2B-1 of the District which is being assessed in the amounts shown in the Assessment Roll will be benefited by the Phase #2B-1 Local Improvements proposed to be constructed as described in the Service and Assessment Plan, and each assessed parcel of Phase #2B-1 Local Improvement

Assessed Property will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;

(e) The method of apportionment of the Actual Costs of the Phase #2B-1 Local Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the Actual Costs of the Phase #2B-1 Local Improvements and Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the Actual Costs of the Phase #2B-1 Local Improvements;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Assessment Roll should be approved as the assessment roll for the Phase #2B-1 Local Improvement Assessed Property within the District;

(h) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Assessments, interest on Annual Installments, interest and penalties on delinquent Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Assessments should be approved and will expedite collection of the Assessments in a timely manner in order to provide the services and improvements needed and required for Phase #2B-1 of the District; and

(i) A written notice of the date, hour, place and subject of this meeting of the Town Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon.

Section 3. Service and Assessment Plan.

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

Section 4. Assessment Roll.

The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the assessment roll for Phase #2B-1 of the District.

Section 5. Levy and Payment of Assessments for Actual Costs of the Phase #2B-1 Local Improvements.

(a) The Town Council hereby levies an assessment on each parcel of Phase #2B-1 Local Improvement Assessed Property (excluding Non-Benefitted Property, as

defined in the Service and Assessment Plan), as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown on the Assessment Roll, as a special assessment on the properties set forth in the Assessment Roll.

(b) The levy of the Assessments shall be effective on the date of the adoption of this Ordinance levying the Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

(g) The Administrative Expenses for the Phase #2B-1 Local Improvement Assessed Property shall be calculated and collected pursuant to the terms of the Service and Assessment Plan.

Section 6. Method of Assessment.

The method of apportioning the Actual Costs of the Phase #2B-1 Local Improvements and Administrative Expenses is set forth in the Service and Assessment Plan.

Section 7. Penalties and Interest on Delinquent Assessments.

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

Section 8. Prepayments of Assessments.

As provided in Section VI of the Service and Assessment Plan, the owner of any Phase #2B-1 Local Improvement Assessed Property subject to an Assessment may prepay the Assessments levied by this Ordinance.

Section 9. Lien Priority.

The Town Council and the Landowners intend for the obligations, covenants and burdens on the Landowners of each parcel of Phase #2B-1 Local Improvement Assessed Property, including without limitation such Landowners' obligations related to payment of the Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the Landowners, as the owners of each parcel of Phase #2B-1 Local Improvement

Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

Section 10. Appointment of Administrator and Collector of Assessments.

(a) Appointment of Administrator.

MuniCap, Inc., is hereby appointed and designated to initially serve, or until otherwise determined by the Town Council, as the Administrator of the Service and Assessment Plan and of the Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense.

(b) Appointment of Collector.

The Tax Assessor/Collector of Denton County is hereby appointed and designated as the collector of the Assessments.

Section 11. Applicability of Tax Code.

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of the Assessments by the Town.

Section 12. Filing in Land Records.

The Town Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan and the Assessment Roll, to be recorded in the real property records of Denton County, not later than the seventh day after the date the Town Council adopts this Ordinance approving the Service and Assessment Plan. The Town Secretary is further directed to similarly file each Annual Service Plan Update (as defined in the Service and Assessment Plan) approved by the Town Council not later than the seventh day after the date that the Town Council approves each Annual Service Plan Update.

Section 13. Severability.

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the Town Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity or any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 14. Effective Date.

This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage hereof.

[Remainder of page intentionally left blank; signatures follow]

PASSED AND APPROVED, this the 7th day of December, 2021.

TOWN OF LITTLE ELM, TEXAS

Cornelious J. Curtis, Mayor

ATTEST:

Caitlan Biggs, Town Secretary

Matt Mueller, Town Manager

(Town Seal)

APPROVED AS TO FORM:

Robert Brown, Town Attorney

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the _____ day of _____, 2021 by Cornelious J. Curtis, Matt Mueller, Caitlan Biggs, and Robert Brown, Mayor, Town Manager, Town Secretary, and Town Attorney, respectively, of the Town of Little Elm, Texas on behalf of said Town.

Notary Public, State of Texas

(SEAL)

EXHIBIT A

Service and Assessment Plan

VALENCIA PUBLIC IMPROVEMENT DISTRICT

LITTLE ELM, TEXAS

SERVICE AND ASSESSMENT PLAN

INITIALLY APPROVED ON:

February 13, 2014

As updated for Phase #2 on June 6, 2017, updated for refunding and Phased PID Bond issuances on February 20, 2018, and updated for Improvement Area #3 on December 7, 2021

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

VALENCIA PUBLIC IMPROVEMENT DISTRICT

SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On September 17, 2013, (the “Creation Date”) the Town Council (the “Town Council”) of the Town of Little Elm, Texas (the “Town”) passed and approved Resolution No. 09171301 approving and authorizing the creation of the Valencia Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID, all of which is located within the Town of Little Elm.

The property in the PID is proposed to be developed in multiple phases, and the PID will finance public improvements for each phase as each phase is developed. Assessments will be imposed on the Assessed Property within the PID for the public improvements that benefit the entire PID and on the Assessed Property in each phase for the public improvements to be provided for that phase.

Chapter 372 of the Texas Local Government Code, the “Public Improvement Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Valencia Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (1) cover a period of at least five years; (2) define the annual indebtedness and the projected costs for improvements; and (3) include a copy of the notice form required by Section 5.014, Property Code.” Additionally, the PID act requires that “the governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix D.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the Authorized Improvement Costs and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Rolls for the PID are included as Appendix F, Appendix G, Appendix H, and Appendix I (which includes Appendix I-1, Appendix I-2, and Appendix I-3), of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of

assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. Definitions

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“2014 Major Improvement Bonds” mean those certain “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2014 (Valencia Public Improvement District Phases #2-5 Major Improvement Project)” issued to finance the portion of the Major Improvements benefitting Assessed Property outside of Phase #1.

“2014 Phase #1 Bonds” mean those certain “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2014 (Valencia Public Improvement District Phase #1 Project)” issued to finance a portion of the Phase #1 Improvements.

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certification for Payment that has been reviewed and approved by the Town. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, Town permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the Town or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Developer or any other person or entity only in the capacity of construction manager or only in the capacity of general contractor but not both.

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including

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

“Administrator” means the employee or designee of the Town, identified in any indenture of trust relating to the Bonds or in any other agreement approved by the Town Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessment, as shown on the Assessment Rolls attached hereto as Appendix F, Appendix G, Appendix H and Appendix I (including Appendix I-1, Appendix I-2, and/or Appendix I-3), as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) Administrative Expenses, (iii) the portion of the interest on the Assessments designed for the prepayment reserve described in Section V.K of this Service and Assessment Plan, and (iv) the portion of the interest on the Assessments designed for the delinquency reserve described in Section V.K of this Service and Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

“Assessed Property” means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in each Assessment Roll, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act. An Assessment for a Parcel consists of the Annual Installments to be collected in all years including the portion of those Annual Installments collected to pay Administrative Expenses and to fund the prepayment reserve and/or delinquency reserve (separately or collectively) and interest on all Assessments, as described in the applicable Assessment Roll.

“Assessment Ordinance” means an Assessment Ordinance adopted by the Town Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

“Assessment Revenues” mean the revenues actually received by or on behalf of the Town from the collection of Assessments.

“Assessment Roll” means, as applicable, the Phase #1 Assessment Roll, the Improvement Area #2 Assessment Roll, the Major Improvement Area Assessment Roll, the Phase #3B Local Improvement Assessment Roll, the Phase #2B-1 Local Improvement Assessment Roll, any Assessment Roll for Future Phases of development or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Authorized Improvement Costs” mean the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as shown in Appendix B.

“Bonds” mean any bonds issued by the Town in one or more series and secured in whole or in part by the Assessment Revenues.

“Certification for Payment” means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements.

“County” means Denton County, Texas.

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

“Developer” means Valencia on the Lake, L.P., a Texas limited partnership, including its successors and assigns.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix E attached hereto.

“Future Phases” means phases that are fully developed after Phase #1, Improvement Area #2, Phase #3B, and Phase #2B-1. The Future Phases are subject to adjustment and are shown for example only.

“Homebuyer Disclosure” means the form of notice required by the PID Act and Section 5.014 of the Texas Property Code, as amended. A copy of the Homebuyer Disclosure for the PID is attached as Appendix D hereto.

“Homeowner Association” means a homeowner’s association or property owners’ association established for the benefit of property owners within the boundaries of the PID.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a Homeowner’s Association.

“Improvement Area #2” means the Assessed Property identified as subphases #2A, #3A, and #3C on the map attached as Appendix A.

“Improvement Area #2 Assessed Property” means all Parcels within Improvement Area #2 other than Non-Benefited Property and shown in the Improvement Area #2 Assessment Roll against which an Assessment relating to the Improvement Area #2 Improvements is levied.

“Improvement Area #2 Assessment Revenues” mean the actual revenues received by or on behalf of the Town from the collection of Assessments levied against Improvement Area #2 Assessed Property, or the Annual Installments thereof, for the Improvement Area #2 Improvements.

“Improvement Area #2 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix H, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #2 Improvements” mean the portion of the Authorized Improvements consisting of the Improvement Area #2 Local Improvements and the pro rata portion of the Major Improvements which only benefit Improvement Area #2 Assessed Property and are described in Section III.D.

“Improvement Area #2 Local Improvements” mean the portion of the Authorized Improvements, consisting of the local improvements which only benefit Improvement Area #2 Assessed Property and are described in Section III.D.

“Improvement Area #2 Local Improvements Maximum Assessment Per Equivalent Unit” means for Improvement Area #2 an Assessment per Equivalent Unit for related to the Improvement Area #2 Improvements not to exceed \$39,719.72.

“Improvement Area #2 Refunding and Improvement Bonds” mean those certain “Town of Little Elm, Texas, Special Assessment Revenue Refunding and Improvement Bonds, Series 2018 (Valencia Public Improvement District Improvement Area #2 Project)” issued by the Town (a) to refund the pro rata portion of the 2014 Major Improvement Bonds relating to the portion of Major

Improvements benefitting Improvement Area #2 and (b) to refinance Improvement Area #2 Local Improvements funded by the Developer pursuant to the Phase #2 Reimbursement Agreement.

“Improvement Area #3” means the Assessed Property identified as subphases #3B and #2B-1 on the map attached as Appendix A.

“Improvement Area #3 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix I, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #3 Bonds” means those certain Town of Little Elm, Texas Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) that are secured by actual revenues received by or on behalf of the Town from the collection of Assessments levied against Phase #3B Assessed Property and Phase #2B-1 Assessed Property, or the Annual Installments thereof, for the Phase #3B Local Improvements and Phase #2B-1 Local Improvements.

“Improvement Area #3 Improvements” means, collectively, the portion of the Authorized Improvements consisting of the Phase #2B-1 Local Improvements and the Phase #3B Local Improvements and are described in Section III hereof.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Denton County, Texas.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the Town Council. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the Town Council.

“Major Improvements” means the Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Major Improvement Area” means, collectively, the areas shown as Phases #2B-1, #2B-2, #3B, #4A, #4B, and #4C shown as such in Appendix A and any Future Phases therein.

“Major Improvement Area Assessed Property” means, for any year, all Parcels within the Major Improvement Area other than Non-Benefited Property.

“Major Improvement Area Assessment Revenues” mean the actual revenues received by or on behalf of the Town from the collection of Assessments levied against Major Improvement Area

Assessed Property, or the Annual Installments thereof, for the Major Improvement Area Improvements.

“Major Improvement Area Assessment Roll” means the document included in this Service and Assessment Plan as Appendix F, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Major Improvement Area Assessments” means the Assessments levied against Assessed Property in the Major Improvement Area relating to the Major Improvement Area Improvements.

“Major Improvement Area Improvements” means the portion of the Authorized Improvements consisting of the portion of the Major Improvements described in Section III.B which benefit the Major Improvement Area.

“Major Improvement Area Maximum Assessment Per Equivalent Unit” means for the Major Improvement Area an Assessment per Equivalent Unit related to the Major Improvements not to exceed \$14,318.13.

“Major Improvement Area Refunding Bonds” means those certain “Town of Little Elm, Texas, Special Assessment Revenue Refunding Bonds, Series 2018 (Valencia Public Improvement District Major Improvement Area Project)” issued by the Town to refund the pro rata portion of the 2014 Major Improvement Bonds relating to the Major Improvement Area Improvements.

“Maximum Assessment Per Equivalent Unit” means, as applicable, the Major Improvement Area Maximum Assessment Per Equivalent Unit, Phase #1 Maximum Assessment Per Equivalent Unit, Improvement Area #2 Maximum Assessment Per Equivalent Unit, Phase #3B Maximum Assessment Per Equivalent Unit, or the Phase #2B-1 Maximum Assessment Per Equivalent Unit.

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider to the extent they accrue no special benefit. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.E.

“Parcel” or “Parcels” means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Denton 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 the County.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the issuance of Phased

PID Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Phase.

“Phase #1” means the initial Phase, identified as “Phase #1” and generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix G.

“Phase #1 Assessed Property” means all Parcels within Phase #1 other than Non-Benefited Property and shown in the Phase #1 Assessment Roll against which an Assessment relating to the Phase #1 Improvements is levied.

“Phase #1 Assessment Revenues” mean the actual revenues received by or on behalf of the Town from the collection of Assessments levied against Phase #1 Assessed Property, or the Annual Installments thereof, for the Phase #1 Improvements.

“Phase #1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix G, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #1 Improvements” mean (i) the pro rata portion of the Major Improvements allocable to Phase #1, and (ii) the Authorized Improvements which only benefit Phase #1 Assessed Property and are described in Section III.C.

“Phase #1 Maximum Assessment Per Equivalent Unit” means for Phase #1 an Assessment per Equivalent Unit relating to the Phase #1 Improvements not to exceed \$41,795.49.

“Phase #1 Reimbursement Agreement” means that certain Valencia Public Improvement District Reimbursement Agreement, dated February 13, 2014, by and between the Town and the Developer in which the Developer agreed to fund certain Actual Costs of the Phase #1 Improvements and the Town agreed to reimburse the Developer for a portion of such Actual Costs of the Phase #1 Improvements funded by the Developer with interest as permitted by the PID Act.

“Phase #1 Refunding and Improvement Bonds” mean certain “Town of Little Elm, Texas, Special Assessment Revenue Refunding and Improvement Bonds, Series 2018 (Valencia Public Improvement District Phase #1 Project)” to be issued by the Town (a) to refund the 2014 Phase #1 Bonds and (b) to refinance the portion of the Phase #1 Improvements funded by the Developer pursuant to the Phase #1 Reimbursement Agreement.

“Phase #2” means, collectively, Improvement Area #2 and Phase #3B.

“Phase #2 Reimbursement Agreement” means that certain Valencia Public Improvement District Reimbursement Agreement, dated June 6, 2017, by and between the Town and the Developer in which the Developer agreed to fund certain Actual Costs of the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements and the Town agreed to reimburse the Developer for a portion of such Actual Costs of the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements, each funded by the Developer with

interest as permitted by the PID Act. A portion of the Phase #2 Reimbursement Agreement relating to Improvement Area #2 was repaid with the Improvement Area #2 Refunding and Improvement Bonds. The portion of the Phase #2 Reimbursement Agreement related to the Phase #3B Local Improvements is anticipated to be repaid with a portion of the proceeds of the Improvement Area #3 Bonds.

“Phase #2B-1” means the Assessed Property identified as Phase #2B-1 on the map attached as Appendix A. Phase #2B-1 is located within the Major Improvement Area

“Phase #2B-1 Local Improvement Assessed Property” means, for any year, all Parcels within Phase #2B-1 other than Non-Benefited Property and shown in the Phase #2B-1 Assessment Roll against which an Assessment relating to the Phase #2B-1 Local Improvements is levied.

“Phase #2B-1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix I-3, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #2B-1 Local Improvements” mean the portion of the Authorized Improvements, consisting of the local improvements which only benefit Phase #2B-1 Local Improvement Assessed Property and are described in Section III.E.

“Phase #2B-1 Local Improvements Maximum Assessment Per Unit” means for Phase #2B-1 an Assessment per Unit relating to the Phase #2B-1 Local Improvements not to exceed \$26,281.

“Phase #3B” means the Assessed Property identified as Phase #3B on the map attached as Appendix A. Phase #3B is located within the Major Improvement Area.

“Phase #3B Local Improvement Assessed Property” means, for any year, all Parcels within Phase #3B other than Non-Benefited Property and shown in the Phase #3B Assessment Roll against which an Assessment relating to the Phase #3B Local Improvements is levied.

“Phase #3B Assessment Roll” means the document included in this Service and Assessment Plan as Appendix I-2, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #3B Local Improvements” mean the portion of the Authorized Improvements, consisting of the local improvements which only benefit Phase #3B Local Improvement Assessed Property and are described in Section III.D.

“Phase #3B Local Improvements Maximum Assessment Per Equivalent Unit” means for Phase #3B an Assessment per Equivalent Unit relating to the Phase #3B Local Improvements not to exceed \$27,038.

“Phased PID Bonds” mean bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Phase. In connection with the Phased PID Bonds, Assessments will be levied only on Parcels located within the Future Phase in question

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“PID Act” means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the Town as a result of any prepayment of an Assessment.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Denton County, the Town, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

“Reimbursement Agreement” means each Reimbursement Agreement by and between the Town and the Developer in which the Developer agrees to fund the Actual Costs of certain Authorized Improvements and the Town agrees to reimburse the Developer for the Actual Costs of those Authorized Improvements funded by the Developer with interest as permitted by the Act.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be updated and/or amended from time to time.

“TIRZ No. 4” means the Tax Increment Reinvestment Zone No. 4, Town of Little Elm, Texas.

“TIRZ Credit” means, for each Parcel, the prorated amount of TIRZ Revenues calculated pursuant to Section VI (B) of this Service and Assessment Plan.

“TIRZ Ordinance” means an ordinance adopted by the Town Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No. 4 Project Plan and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” mean, for each year, the incremental property tax amounts from TIRZ No. 4 paid by the Town from the TIRZ No. 4 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment, as calculated each year by the Administrator in collaboration with the Town, in accordance with Section VI.E of this Service and Assessment Plan.

“Town” means the Town of Little Elm, Texas.

“Town Council” means the duly elected governing body of the Town.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the Town and contains approximately 447.9 acres of land. The property within the PID was annexed to the Town on September 16, 2014, by Ordinance No. 1231. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 1,416 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The updated estimated number of lots and the classification of each lot are based upon the concept plan and shown in Table II-C.

The property within the PID was originally proposed to be developed as follows:

Table II-A
Original Proposed Development

Proposed Residential Development	Quantity	Measurement
Single Family - 100 Feet	164	Units
Single Family - 80 Feet	163	Units
Single Family - 60 Feet	409	Units
Single Family - 40 Feet	450	Units
Single Family - 25 Feet	53	Units
Total	1,239	Units

The original development plan was revised in 2018 as shown in Table II-B. The revised estimated number of lots (1,309) and the classification of each lot are based upon the revised concept plan:

Table II-B
2018 Revised Proposed Development

Proposed Residential Development	Quantity	Measurement
Single Family - 80 Feet	181	Units
Single Family - 70 Feet	154	Units
Single Family - 60 Feet	501	Units
Single Family - 50 Feet	43	Units
Single Family - 40 Feet	386	Units
Single Family - 25 Feet	44	Units
Total	1,309	Units

The revised development plan has since been revised in 2021 as shown in Table II-C. The revised estimated number of lots (1,309) and the classification of each lot are based upon the revised concept plan:

Table II-C
2021 Revised Proposed Development

Proposed Residential Development	Quantity	Measurement
Single Family - 80 Feet	41	Units
Single Family - 70 Feet	0	Units
Single Family - 60 Feet	608	Units
Single Family - 50 Feet	381	Units
Single Family - 40 Feet	386	Units
Single Family - 25 Feet	0	Units
Total	1,416	Units

B. PROPERTY INCLUDED IN PHASE #1

Phase #1 consists of approximately 62.4 acres and consists of 210 single family residential units, developed as Phase #1, as further described in Section III. Phase #1 was developed as shown in Table II-D. A map of the property within Phase #1 and depicting the boundaries of each proposed Phase is shown in Appendix A.

Table II-D
Phase #1 Development

Proposed Residential Development	Quantity	Measurement
Single Family - 80 Feet	41	Units
Single Family - 60 Feet	169	Units
Total	210	Units

C. PROPERTY INCLUDED IN IMPROVEMENT AREA #2

Improvement Area #2 consists of approximately 103.68 acres and consists of 444 single family residential units located in the areas shown as Phases #2A, #3A and #3C. Improvement Area #2 was developed as shown in Table II-E. A map of the property within Improvement Area #2 and depicting the boundaries of each proposed Phase therein is shown in Appendix A.

Table II-E
Improvement Area #2 Development

Proposed Residential Development	Quantity	Measurement
Single Family - 60 Feet	154	Units
Single Family - 50 Feet	22	Units
Single Family - 40 Feet	268	Units
Total	444	Units

D. PROPERTY INCLUDED IN MAJOR IMPROVEMENT AREA

Major Improvement Area (including subphases #2B-1, #2B-2 #3B, #4A, #4B, and #4C)

The Major Improvement Area consists of approximately 236.6 acres and currently consists of 762 single family residential units, to be developed in phases as described below. The Major Improvement Area was revised to be developed as shown in Table II-F.2. A map of the property within the Major Improvement Area, and depicting the boundaries of the Major Improvement Area, is shown in Appendix A.

Table II-F.1
2018 Revised Major Improvement Area Development

Proposed Residential Development	Quantity	Measurement
Single Family - 80 Feet	140	Units
Single Family - 70 Feet	154	Units
Single Family - 60 Feet	178	Units
Single Family - 50 Feet	21	Units
Single Family - 40 Feet	118	Units
Single Family - 25 Feet	44	Units
Total	655	Units

The Major Improvement Area is revised in 2021 to be developed as shown in Table II-F.2.

Table II-F.2
2021 Revised Major Improvement Area Development

Proposed Residential Development	Quantity	Measurement
Single Family - 60 Feet	285	Units
Single Family - 50 Feet	359	Units
Single Family - 40 Feet	118	Units
Total	762	Units

Phase #3B portion of the Major Improvement Area

Phase #3B consists of approximately 28.98 acres and consists of 139 single family residential units, to be developed as Phase #3B. Phase #3B is being developed as shown in Table II-G. Phase #3B is a part of the Major Improvement Area, and the 139 single family residential units described above are a part of the units described in Table II-F.2. A map of the property within Phase #3B and depicting the boundaries of Phase #3B is shown in Appendix A.

Table II-G
Phase #3B Development

Proposed Residential Development	Quantity	Measurement
Single Family - 50 Feet	21	Units
Single Family - 40 Feet	118	Units
Total	139	Units

Phase #2B-1 portion of the Major Improvement Area

Phase #2B-1 consists of approximately 28.78 acres and consists of 89 single family residential units, to be developed as Phase #2B-1. Phase #2B-1 is being developed as shown in Table II-H. Phase #2B-1 is a part of the Major Improvement Area, and the 89 single family residential units described above are a part of the units described in Table II-F.2. A map of the property within Phase #2B-1 and depicting the boundaries of the proposed Phase #2B-1 is shown in Appendix A.

Table II-H
Phase #2B-1 Development

Proposed Residential Development	Quantity	Measurement
Single Family - 60 Feet	89	Units
Total	89	Units

E. PROPERTY INCLUDED IN MAJOR IMPROVEMENT AREA (FUTURE PHASES)

As Future Phases are developed within the Major Improvement Area, in connection with the issuance of Phased PID Bonds or the levy of Assessments on property within such Future Phase(s), this Service and Assessment Plan will be updated to add additional details of each new Future Phase(s). The map of such Future Phase(s) in Appendix A is shown for illustrative purposes only and is subject to adjustment. The current Parcels in the PID are shown on the Assessment Rolls included as Appendix F, Appendix G, Appendix H, and Appendix I (including Appendix I-1, Appendix I-2, and Appendix I-3).

The estimated number of units at the build-out of the PID is based on the land use approvals for the property, the anticipated subdivision of property in the PID, and the Developer's estimate of the highest and best use of the property within the PID.

III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

After analyzing the public improvement projects authorized by the PID Act, the Town has determined at this time to undertake only Authorized Improvements listed in Section III.B, Section III.C, Section III.D, Section III.E, Section III.F, and shown in the opinion of probable costs and on the diagrams included as Appendix B and Appendix C, respectively, for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the Town and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS

The Major Improvements benefit the entire PID. The costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the Equivalent Units as calculated and shown in Appendix E using the planned lot types and anticipated number of lots.

The updated costs of the Major Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID. The original estimated costs of the Major Improvements are shown in Appendix B attached to this Service and Assessment Plan.

A description of the Major Improvements follows:

Roadway Improvements

The roadway portion of the improvements consists of constructing approximately 13,365 linear feet a 2-lane divided thoroughfare (Rockhill Parkway) from the Doe Creek and Rockhill Parkway intersection to the opposite end of the PID. This provides access off of FM 423 into the development by Rockhill Parkway; and from US 380 to Rockhill Parkway by Doe Creek Road. Rockhill Parkway is expected to subsequently be widened to a 4-lane divided thoroughfare as part of the phased development of local area improvements for each Phase of the PID. These roadway improvements will be constructed according to Town standards and will be owned and operated by Town.

Water Improvements

A twenty (20") inch water line was constructed to serve the Frisco Hills and Valencia Developments in 2010. The newly constructed 20-inch water line starts at the Town's elevated storage tank located along FM 423 north of El Dorado Parkway and continues on a northerly direction along FM 423 to the Frisco Ranch Development and then turns on a northwesterly direction to the Frisco Hills master metering station located within the Frisco Hills Development. The total length of the 20-inch water line is 9,560 linear feet. Frisco Hills Development is an adjacent development located within Denton County Fresh Water Supply District No. 8-C (DCFWS 8-C). The PID and DCFWS 8-C (Frisco Hills) developments share this line which is operated and maintained by the Town.

Furthermore, the off-site water line has been extended from the Frisco Hills master meter to the Valencia PID Development along the Brazos Electric Easement and Rockhill Parkway for approximately 8,100 linear feet to the Phase #1 limits.

A second point of connection consisting of a 12-inch water line and appurtenances crosses the Corps of Engineers land and connects to a Town water line within the Sunset Pointe development.

The waterline improvements include connection to the existing water-main, installation of associated 12" valves, fire hydrants, ductile iron fittings, erosion control, trench safety and testing. These water improvements have been constructed according to Town standards and specifications and are owned and operated by Town.

Sanitary Sewer Improvements

The sanitary sewer improvement projects consist of lift stations, a 10-inch force main, and a 16-inch of sanitary sewer gravity line generally flowing along the south side of the PID and Frisco Hills Developments and connecting to the Frisco Hills lift station.

The Frisco Hills lift station is shared by the PID and DCFWSD 8-C (Frisco Hills and Frisco Ranch) sending the wastewater flows to the Town treatment plant through a 14-inch force main. This force main connects to an existing Town 14-inch force main located along the west side of FM 423.

Cutoff valves and air release valves have been constructed in accordance with Town and TCEQ regulations. The 10-inch force main and pumps were designed to maintain the 3.0 fps minimum velocity. The line has been designed and constructed in accordance with Town standards and are owned and operated by Town.

Storm Drainage Improvements

The storm drainage improvement projects consist of drainage improvements to support Rockhill Parkway. This includes underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. This project has been constructed according to Town standards and specifications and are owned and operated by Town.

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Table III-A
Major Improvement Costs

Authorized Improvements	Total Major Improvement Costs	Major Improvement Area Allocated Amount	Phase #1 Allocated Amount¹
Roadway Improvements	\$3,635,839	\$3,009,570	\$626,269
Water Improvements	\$1,666,322	\$1,379,300	\$287,022
Sanitary Sewer Improvements	\$1,572,612	\$1,301,731	\$270,881
Storm Drainage Improvements	\$546,856	\$452,661	\$94,195
Other Soft and Miscellaneous Costs	\$3,990,005	\$3,302,731	\$687,274
Total Authorized Improvements	\$11,411,634	\$9,445,993	\$1,965,641

¹ See Table V-A for details.

Note: The figures shown in Table III-A may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

C. DESCRIPTIONS OF PHASE #1 IMPROVEMENTS

The Phase #1 Improvements are described below. The Actual Costs of the Phase #1 Improvements including the proportional share of the estimated costs of the Major Improvements are shown in Table III-B. The original estimated costs of the Phase #1 Improvements are shown in Appendix B attached to this Service and Assessment Plan.

A description of the Major Improvements allocable to Phase #1 are described in Section III.B above. A description of the Phase #1 Improvements, excluding the Major Improvements allocable to Phase #1 are as follows:

Roadway Improvements

Roadway improvements within Phase #1 include construction of approximately 10,110 linear feet of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 120,400 cubic yards of cut and fill. 37,070 square yards (sy) of Pavement sub-grade is lime stabilized and compacted. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #1. These projects provide access to community roadways and state highways. All roadway projects have been designed and constructed in accordance with Town standards and specifications and are owned and operated by Town.

Water Improvements

The Phase #1 water distribution system improvements consist of approximately 10,430 linear feet of an 8" water line and associated 8" gate valves. One-inch diameter water services provide each of the 210 Lots within Phase #1. All associated waterline testing, trench safety and erosion protection during construction are included. The waterline is connected to the 12" water line constructed in Rockhill Parkway. These lines include the necessary appurtenances to be fully

operational transmission lines extending water service to the limits of Phase #1 and all lots within Phase #1. These lines are designed and constructed in accordance with Town standards and specifications and are owned and operated by Town.

Sanitary Sewer Improvements

○ *Sanitary Sewer Line (12" Gravity Line)*

Phase #1 sanitary sewer improvements consist of approximately 250 linear feet of 12" gravity sewer trunk line flowing to the lift station located at the southwest corner of Phase #1. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

○ *Sanitary Sewer Line (10" Gravity Line)*

Phase #1 sanitary sewer improvements consist of approximately 1,375 linear feet of a 10" gravity sewer main line that connects to the 12" gravity sewer trunk line. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

○ *Sanitary Sewer Line (8" Gravity Line)*

Phase #1 sanitary sewer improvements also include construction of 10,110 linear feet of a 8" gravity sanitary sewer line that connects to the 10" gravity sewer main line. Construction includes connection at multiple points through 36 concrete manholes. Services to individual Lots are by 4" gravity sewer lines.

These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #1 and each of the Lots within Phase #1. All lines will be designed and constructed in accordance with Town standards and specifications and are owned and operated by Town.

Storm Drainage Improvements

The drainage portion of the Phase #1 Improvements consists of underground reinforced concrete storm sewer pipes, inlets, and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #1 is within roadways and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase #1. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #1 flow to Lake Lewisville. This project will be constructed in accordance with Town standards and specifications and are owned and operated by Town.

Table III-B
Phase #1 Improvement Costs

Authorized Improvements	Proportional Share of Major Improvements¹	Phase #1 Improvement Costs	Total
Roadway Improvements	\$626,269	\$1,799,960	\$2,426,229
Water Improvements	\$287,022	\$468,155	\$755,177
Sanitary Sewer Improvements	\$270,881	\$600,493	\$871,374
Storm Drainage Improvements	\$94,195	\$372,030	\$466,225
Other Soft and Miscellaneous Costs	\$687,274	\$737,245	\$1,424,519
Total Authorized Improvements	\$1,965,641	\$3,977,883	\$5,943,524

¹ See Table III-A.

Note: The figures shown in Table III-B may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

D. DESCRIPTIONS OF IMPROVEMENT AREA #2 LOCAL IMPROVEMENTS AND PHASE #3B LOCAL IMPROVEMENTS (PHASE #2)

The Improvement Area #2 Local Improvements and Phase #3B Local Improvements (collectively the “Phase #2 Improvements”) are described below. The costs of the Improvement Area #2 Local Improvements and the costs of the Phase #3B Local Improvements are shown in Table III-C. The costs shown in Table III-C are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID. The original estimated costs of the Improvement Area #2 Local Improvements and Phase #3B Local Improvements are shown in Appendix B attached to this Service and Assessment Plan.

A description of the Phase #2 Improvements are as follows:

Roadway Improvements

The Roadway improvements within Improvement Area #2 and Phase #3B include construction of approximately 72,880 linear feet of a 6” thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project will consists of 267,853 cubic yards of cut and fill. The 95,719 square yards (sy) of pavement sub-grade is lime stabilized and compacted. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included as well as sidewalk and trail cost. These roadway improvements include streets that provide street access to each lot within Improvement Area #2 and Phase #3B. These projects provide access to community roadways and state highways. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Utility Improvements

The utility improvements include water improvements, sanitary sewer improvements and storm drainage improvements.

Water Distribution System Improvements

- 8-inch Water Line Segments

The water distribution system improvements consist of approximately 24,836 linear feet of an 8-inch water line and associated 8-inch gate valves. One-inch diameter water services will be provided to each Lot within Improvement Area #2 and Phase #3B. All associated waterline testing, trench safety and erosion protection during construction are included. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #2 and Phase #3B and all Lots within Improvement Area #2 and Phase #3B. These lines have been designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

- 12-inch Water Line Segments

This water distribution system improvements consist of approximately 3,847 linear feet of a 12-inch water line and associated 12-inch gate valves within the right-of-way of Rockhill Parkway. All associated waterline testing, trench safety and erosion protection during construction are included. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #2 and Phase #3B and all Lots within Improvement Area #2 and Phase #3B. These lines have been designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Sanitary Sewer Improvements

- Sanitary Sewer Line (8-inch Gravity Line)

Improvement Area #2 and Phase #3B sanitary sewer improvements also include construction of 16,800 linear feet of an 8-inch gravity sanitary sewer line. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

- Sanitary Sewer Line (10-inch Gravity Line)

Improvement Area #2 and Phase #3B sanitary sewer improvements consists of approximately 2,758 linear feet of a 10-inch gravity sewer main line that connects to the lift station located at the northwest corner of the property in Improvement Area #2 and Phase #3B. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

Sanitary Sewer Line (12-inch Gravity Line)

Improvement Area #2 and Phase #3B sanitary sewer improvements consists of approximately 4,687 linear feet of a 12-inch gravity sewer trunk line flowing to the existing lift station located

at the southwest corner of the property in Improvement Area #2 and Phase #3B. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

○ Sanitary Sewer Line (6-inch Force Main)

Improvement Area #2 and Phase #3B sanitary sewer improvements consists of approximately 1,701 linear feet of a 6-inch force main sewer trunk line flowing from the lift station located at the northwest corner of the property within Improvement Area #2 and Phase #3B. This project consists of constructing manholes, associated erosion control, trench safety and sewer line testing.

Services to individual Lots are by 4" gravity sewer lines. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Improvement Area #2 and Phase #3B and all the Lots within Improvement Area #2 and Phase #3B. All lines have been designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Storm Drainage Improvements

The drainage improvements consist of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Improvement Area #2 and Phase #3B is within roadways and underground storm drainage pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Improvement Area #2 and Phase #3B. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Improvement Area #2 and Phase #3B flow to Lake Lewisville. This project has been constructed to Town standards and specifications and will be owned and operated by the Town.

Table III-C
Phase #2 Improvement Costs

Authorized Improvements	Improvement Area #2 Local Improvements	Phase #3B Local Improvements	Total (Phase #2)
Roadway Improvements	\$4,421,148	\$1,163,279	\$5,584,427
Water Improvements	\$1,664,105	\$256,530	\$1,920,635
Sanitary Sewer Improvements	\$1,917,592	\$1,847,782	\$3,765,374
Storm Drainage Improvements	\$981,977	\$108,561	\$1,090,538
Other Soft and Miscellaneous Costs	\$1,811,725	\$135,174	\$1,946,899
Total Authorized Improvements	\$10,796,547	\$3,511,326	\$14,307,873

Note: The figures shown in Table III-D may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

E. DESCRIPTIONS OF IMPROVEMENT AREA #3 IMPROVEMENTS INCLUDING PHASE #2B-1 LOCAL IMPROVEMENTS AND PHASE #3B LOCAL IMPROVEMENTS

The Phase #2B-1 Local Improvements are described below. The costs of the Phase #2B-1 Local Improvements are shown in Table III-D. The costs shown in Table III-D are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

The Phase #3B Local Improvements are described in Section III.B above. Table III-E shows the combined costs of the Phase #2B-1 Local Improvements and the Phase #3B Local Improvements that comprise the Improvement Area #3 Improvements.

A description of the Phase #2B-1 Local Improvements are as follows:

Roadway Improvements

The road improvement portion of the Phase #2B-1 Local Improvements consists of the construction of road improvements, including related paving, excavation, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the Phase #2B-1 Local Improvement Assessed Property. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Utility Improvements

The utility improvements portion of the Phase #2B-1 Local Improvements includes water improvements, sanitary sewer improvements and storm drainage improvements.

Water Improvements

The water improvements portion of the Phase #2B-1 Local Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Phase #2B-1 Local Improvement Assessed Property. The water improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Sanitary Sewer Improvements

The sanitary sewer improvement portion of the Phase #2B-1 Local Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Phase #2B-1 Local Improvement Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Storm Drainage Improvements

The storm drainage improvement portion of the Phase #2B-1 Local Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Improvement Area #1 Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Table III-D
Estimated Phase #2B-1 Local Improvement Costs

Authorized Improvements	Total
Roadway Improvements	\$1,792,042
Water Improvements	\$267,193
Sanitary Sewer Improvements	\$321,450
Storm Drainage Improvements	\$220,898
Other Soft and Miscellaneous Costs	\$293,899
Total Authorized Improvements	\$2,895,482

Note: The figures shown in Table III-D may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

Table III-E shows the combined #3B Local Improvements and #2B-1 Local Improvements.

Table III-E
Estimated Improvement Area #3 Improvement Costs

Authorized Improvements	Phase #2B-1 Local Improvements	Phase #3B Local Improvements	Total (Improvement Area #3)
Roadway Improvements	\$1,792,042	\$1,163,279	\$2,955,321
Water Improvements	\$267,193	\$256,530	\$523,723
Sanitary Sewer Improvements	\$321,450	\$1,847,782	\$2,169,232
Storm Drainage Improvements	\$220,898	\$108,561	\$329,459
Other Soft and Miscellaneous Costs	\$293,899	\$135,174	\$429,073
Total Authorized Improvements	\$2,895,482	\$3,511,326	\$6,406,808

Note: The figures shown in Table III-E may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

F. FUTURE PHASES

As Phases are developed, additional assessments may be levied and Phased PID Bonds may be issued to finance Authorized Improvements for each Future Phase. As additional assessments are levied or as Phased PID Bonds are issued for each Future Phase, this Service and Assessment Plan will be updated to identify the specific Authorized Improvements to be financed by such

assessments or Phased PID Bonds that benefit each Phase (e.g., a Table III-E will be added to show the costs for the specific Authorized Improvements financed within the specific Future Phase being developed.)

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IV. SERVICE PLAN

A. SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. The Major Improvements are approximately 95% complete according to the 2021 first quarter developer continuing disclosure report. The Phase #1 Improvements (excluding Phase #1's proportional share of Major Improvements), the Improvement Area #2 Improvements and the Phase #3B Local Improvements are complete. It is anticipated the Phase #2B-1 Local Improvements will be completed and dedicated to the Town in 2021.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an "Annual Service Plan Update." The Service and Assessment Plan will be updated to correspond with the development of each Future Phase. The Town Council shall approve the Annual Service Plan Update by ordinance each year; and, within seven (7) days from the date of approval, the Town shall file a copy of the Annual Service Plan Update with the County Clerk of the County.

The 2014 Phase #1 Bonds were issued in 2014 to finance a portion of the Phase #1 Improvements. The 2014 Major Improvement Bonds were issued in 2014 to finance a portion of the Major Improvements benefitting subphases #2A, #2B-1, #2B-2, #3A, #3B, #3C, #4A, #4B, and #4C (as shown on the map in Appendix A hereof). Table IV-A.1 shows the original sources and uses of the 2014 Phase #1 Bonds and the 2014 Major Improvement Bonds. The original estimated costs for the Authorized Improvements financed with the 2014 Major Improvement Bonds plus costs related to the issuance of the 2014 Major Improvement Bonds and payment of expenses incurred in the establishment, administration, and operation of the PID is \$12,240,000 as shown in Table IV-A.1. Tables IV-A.2 and IV-A.3 include information regarding the refinancing of the 2014 Major Improvement Bonds. The original estimated costs for the Authorized Improvements financed with the 2014 Phase #1 Bonds, Phase #1 Reimbursement Agreement, costs related to the issuance of the 2014 Phase #1 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$7,435,000 as shown in Table IV-B.1. Table IV-B.2 includes information regarding the refinancing of the 2014 Phase #1 Bonds.

On June 6, 2017, the Town and the Developer entered into the Phase #2 Reimbursement Agreement pursuant to which the Developer was to fund the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements. On such date, the Town levied a single assessment on all property in subphases #2A, #3A, #3B, and #3C as shown on the map in Appendix A, which consisted of both the assessments levied against Improvement Area #2 (as described in the Improvement Area #2 Local Improvement Assessment Roll attached hereto as Appendix H) (the "Improvement Area #2 Local Improvement Assessments") and the assessments levied against Phase #3B (as described in the Phase #3B Local Improvement Assessment Roll

attached hereto as Appendix I-2) (the “Phase #3B Local Improvement Assessments”). Table IV-C.1 summarizes the original aggregate sources and uses of funds required to construct the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements under the Phase #2 Reimbursement Agreement.

On February 20, 2018, the Town approved the issuance of the Phase #1 Refunding and Improvement Bonds, the Improvement Area #2 Refunding and Improvement Bonds and the Major Improvement Area Refunding Bonds. The Phase #1 Refunding and Improvement Bonds were issued to refund the 2014 Phase #1 Bonds and refinance the Phase #1 Reimbursement Agreement and are secured by the Phase #1 Assessments shown on the Phase #1 Assessment Roll attached hereto as Appendix G. Table IV-B.1 summarizes the original aggregate sources and uses of funds required to construct the Phase #1 Improvements. Table IV-B.2 summarizes sources and uses of funds required for the Phase #1 Refunding and Improvement Bonds. The sources and uses of funds shown in Table IV-B.2 shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

The Improvement Area #2 Refunding and Improvement Bonds were issued to refund the pro rata portion of the 2014 Major Improvement Bonds relating to Improvement Area #2 and the refinance the pro rata portion of the Phase #2 Reimbursement Agreement relating to the Improvement Area #2 Local Improvements and are secured by the Improvement Area #2 Assessments shown on the Improvement Area #2 Assessment Roll attached hereto as Appendix H. Table IV-A.2 shows the proportional allocation of the 2014 Major Improvement Bonds, including the portion refunded by the Improvement Area #2 Refunding and Improvement Bonds. Table IV-C.1 summarizes the original aggregate sources and uses of funds relating to the Phase #2 Reimbursement Agreement, including the portion relating to the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements. Table IV-D.1 summarizes sources and uses of funds required for the Improvement Area #2 Refunding and Improvement Bonds. The sources and uses of funds shown in Table IV-D.1 shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

The Major Improvement Area Refunding Bonds were issued to refund the pro rata portion of the 2014 Major Improvement Bonds relating to subphases #2B-1, #2B-2, #3B, #4A, #4B, and #4C, as shown in Appendix A, and are secured by the Assessments shown on the Major Improvement Area Assessment Roll attached hereto as Appendix F. Table IV-A.1 summarizes the original sources and uses of funds required to construct the Major Improvements financed with the 2014 Major Improvement Bonds, establish the PID, and issue the 2014 Major Improvement Bonds and Table IV-A.2 summarizes the allocation of such Major Improvements to the Improvement Area #2 Refunding and Improvement Bonds and the Major Improvement Area Refunding Bonds. Table IV-A.3 summarizes sources and uses of funds required for the Major Improvement Area Refunding Bonds. The sources and uses of funds shown in Table IV-A.3 shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

The portion of the Phase #2 Reimbursement Agreement relating to the Phase #3B Local Improvements is being satisfied with a portion of the proceeds of the Improvement Area #3 Bonds in order to acquire the completed Phase #3B Local Improvements and is secured solely by the Phase #3B Local Improvement Assessments shown on the Phase #3B Local Improvements Assessment Roll attached hereto as Appendix I-2. Table IV-D.2 summarizes the original updated

sources and uses for the Phase #3B Local Improvements relating to the Improvement Area #2 Reimbursement Agreement. Table IV-E summarizes the updated sources and uses for the Phase #3B Local Improvements relating to the Improvement Area #3 Bonds.

The portion of the Improvement Area #3 Bonds relating to the Phase #2B-1 Local Improvements is secured solely by the assessments levied against Phase #2B-1 shown on the Phase #2B-1 Local Improvement Assessment Roll attached hereto as Appendix I-3. Table IV-E summarizes the sources and uses for the Phase #2B-1 Local Improvements relating to the Improvement Area #3 Bonds.

The sources and uses of funds shown in the tables in the Section IV shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs. As Future Phases are developed in connection with the levy of additional assessments or the issuance of Phased PID Bonds, this Service and Assessment Plan will be amended to reflect the allocation to such Future Phases.

Table IV-A.1
Original Sources and Uses – Major Improvement Area

Sources of Funds	2014 Major Improvement Bonds
Bond Par Amount	\$12,240,000
Total Sources	\$12,240,000
Uses of Funds	
Roadway Improvements	\$3,393,436
Water Improvements	\$1,320,115
Sanitary Sewer Improvements	\$1,368,555
Storm Drainage Improvements	\$372,086
Other Soft and Miscellaneous Costs	\$2,952,716
<i>Subtotal</i>	<i>\$9,406,909</i>
Bond Issuance Costs	\$2,833,091
Total Uses	\$12,240,000

Major Improvement Area Refinancing

On February 20, 2018, the Town approved the issuance of the Major Improvement Area Refunding Bonds to refund a portion of the 2014 Major Improvement Bonds relating to the Major Improvements benefitting the Major Improvement Area.

The total outstanding par amount of the 2014 Major Improvement Bonds was \$11,115,000 as of the date of refunding. \$640,000 in principal payments of assessments securing the 2014 Major Improvement Bonds were collected from the tax year 2017-18 Annual Installment of such assessments billed by the tax collector and deposited into the escrow funds established for the payment of the 2014 Major Improvement Bonds. As a result, the total outstanding principal

amount of the Assessments to be collected relating to the 2014 Major Improvement Bonds was \$10,475,000 as of the date of refunding.

The 2014 Major Improvement Bonds were originally secured by Assessments levied in the area identified as subphases #2A, #2B-1, #2B-2, #3A, #3B, #3C, #4A, #4B, and #4C in the map shown in Appendix A. A portion of the 2014 Major Improvement Bonds relating to Phases #2A, #3A and #3C were refunded by the Improvement Area #2 Refunding and Improvement Bonds. The Improvement Area #2 Refunding and Improvement Bonds are secured by the Improvement Area #2 Assessments only, which consist of (i) assessments levied in Improvement Area #2 relating to the portion of the Major Improvements benefitting Improvement Area #2 and (ii) the Improvement Area #2 Local Improvement Assessments. The remaining portion of the 2014 Major Improvement Bonds relating to Phases #2B-1, #2B-2, #3B and #4 were refunded by the Major Improvement Area Refunding Bonds. The Major Improvement Area Refunding Bonds are secured by only, the assessments levied in the Major Improvement Area relating to the portion of the Major Improvements benefitting the Major Improvement Area. The Phase #3B Local Improvement Assessments are levied solely in Phase #3B, which is located in the Major Improvement Area, but such Phase #3B Local Improvement Assessments are not pledged as security for the Major Improvement Area Refunding Bonds. The Phase #2B-1 Local Improvement Assessments are levied solely in Phase #2B-1, which is located in the Major Improvement Area, but such Phase #2B-1 Local Improvement Assessments are not pledged as security for the Major Improvement Area Refunding Bonds.

As shown in Appendix E, the total Equivalent Units contained in Phases #2A, #2B-1, #2B-2, #3A, #3B, #3C, #4A, and #4B, and #4C is 854.86. The total Equivalent Units within Improvement Area #2 (subphases #2A, #3A, and #3C) is 315.66, the total Equivalent Units within Phase #3B is 92.66, and the total Equivalent Units in subphases #2B-2, #4A, #4B, and #4C (as shown on the map in Appendix A hereto and identified as “Future Phases”) is 446.54. A proportional share of the 2014 Major Improvement Bonds applicable to Improvement Area #2 [$36.93\% = (315.66 \div 854.86)$] was refunded as part of the Improvement Area #2 Refunding and Improvement Bonds. The balance of the 2014 Major Improvement Bonds [$63.07\% = (854.86 - 315.66) \div 854.86$] applicable to the Major Improvement Area, which includes subphases #2B-1, #2B-2, #3B, #4A, #4B, and #4C (as shown on the map in Appendix A hereto, and identified as “Future Phases”), were refunded as part of the Major Improvement Area Refunding Bonds. Table IV-A.2 shown the breakdown described above.

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Table IV-A.2
Proportional Breakdown of the 2014 Major Improvement Bonds

Description	Total Estimated units	Total Equivalent Units	% of Equivalent Units	Proportional share of Outstanding 2014 Major Improvement Bonds ⁽¹⁾
<i>Major Improvement Area</i>				
Phase #3B	139	92.66	10.84%	\$1,135,406
Future Phases	516	446.54	52.24%	\$5,471,664
<i>Subtotal: Major Improvement Area</i>	<i>655</i>	<i>539.20</i>	<i>63.08%</i>	<i>\$6,607,070</i>
Improvement Area #2	444	315.66	36.92%	\$3,867,930
Total	1,099	854.86	100.00%	\$10,475,000
2014 Major Improvement Bonds to be refunded with Improvement Area #2 Refunding and Improvement Bonds				
	444	315.66	36.93%	\$3,867,930
2014 Major Improvement Bonds to be refunded with the Major Improvement Area Refunding Bonds				
	655	539.20	63.07%	\$6,607,070
Total	1,099	854.86	100.00%	\$10,475,000

⁽¹⁾ Excludes amounts related to \$640,000 principal payments of assessments securing the 2014 Major Improvement Bonds that were collected from the tax year 2017-18 Annual Installment of such assessments billed by the tax collector which have been deposited in the escrow funds established for the payment of the 2014 Major Improvement Bonds.

The total par amount of the Major Improvement Area Refunding Bonds is \$6,606,994 (\$6,607,070 shown in Table IV-A.2 above less \$76 rounding). Table IV-A.3 shows the projected sources and uses for the Major Improvement Area Refunding Bonds.

Table IV-A.3
Projected Sources and Uses – Major Improvement Area Refunding Bonds

Sources of Funds	Phase #3B	Future Phases	Total
Outstanding Par Amount	\$1,135,406	\$5,471,664	\$6,607,070
Rounding	(\$6)	(\$70)	(\$76)
<i>Subtotal - Par Amount</i>	<i>\$1,135,400</i>	<i>\$5,470,594</i>	<i>\$6,606,994</i>
Other Funding Sources	\$198,501	\$956,644	\$1,155,145
Total Sources	\$1,333,901	\$6,428,238	\$7,762,139
Uses of Funds			
Proportional share of 2014 Major Improvement Bonds refunded	\$1,135,406	\$5,471,664	\$6,607,070
<i>Subtotal</i>	<i>\$1,135,406</i>	<i>\$5,471,664</i>	<i>\$6,607,070</i>
Bond Issuance Costs:			
Capitalized Interest	\$0	\$0	\$0
Reserve Fund	\$96,310	\$464,128	\$560,438
Administrative Expenses Fund	\$0	\$0	\$0
Other Bond Issuance Costs	\$102,186	\$492,446	\$594,632
<i>Subtotal: Bond Issuance Costs</i>	<i>\$198,495</i>	<i>\$956,574</i>	<i>\$1,155,069</i>
Total Uses	\$1,333,901	\$6,428,238	\$7,762,139

Phase #1 Refinancing

As shown in Table IV-B.1, the Phase #1 Improvements were originally anticipated to be financed by Bonds issued in two series. The 2014 Phase #1 Bonds were issued to pay and/or reimburse the Developer for a portion of the costs of Phase #1 Improvements. The remaining costs of Phase #1 Improvements were financed through the Phase #1 Reimbursement Agreement, which was anticipated to be replaced by a second series of Bonds for Phase #1 after some or all of the Phase #1 Improvements are constructed and the proceeds of this second series of Bonds for Phase #1 would be used to refinance the Phase #1 Reimbursement Agreement and/or reimburse the Developer for the remaining portion of the costs of Phase #1 Improvements. Table IV-B.1 shows the original sources and uses for the Phase #1 Improvements as financed through the 2014 Phase #1 Bonds and the Phase #1 Reimbursement Agreement.

On February 20, 2018, the Town approved issuance of the Phase #1 Refunding and Improvement Bonds to refund the 2014 Phase #1 Bonds and refinance the portion of the Phase #1 Improvements funded by the Developer pursuant to the Phase #1 Reimbursement Agreement. The Town's obligations under the Phase #1 Reimbursement Agreement terminated upon issuance of the Phase #1 Refunding and Improvement Bonds. The total outstanding par amount of the 2014 Phase #1 Bonds was \$3,825,000 as of the date of refunding. \$95,000 in principal payments of Phase #1 Assessments were collected from the tax year 2017-18 Annual Installment of the Phase #1 Assessments billed by the tax collector and deposited into the escrow fund for the payment of the 2014 Phase #1 Bonds. The total outstanding principal amount under the Phase #1 Reimbursement Agreement was \$3,200,000 as of the date of refunding. Accordingly, the total outstanding amount Phase #1 Assessments relating to the 2014 Phase #1 Bonds and the Phase #1 Reimbursement Agreement was approximately \$6,930,000 (\$3,730,000 + \$3,200,000) as of the date of refunding. Table IV-B.2 shows the sources and uses of the Phase #1 Refunding and Improvement Bonds.

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Table IV-B.1
Original Sources and Uses – Phase #1

Sources of Funds	2014 Phase #1 Bonds	Phase #1	Total
		Reimbursement Agreement⁽²⁾	
Par Amount	\$4,000,000	\$3,435,000	\$7,435,000
Total Sources	\$4,000,000	\$3,435,000	\$7,435,000
Uses of Funds			
<i><u>Major Improvements⁽¹⁾:</u></i>			
Roadway Improvements	\$721,517	\$0	\$721,517
Water Improvements	\$280,685	\$0	\$280,685
Sanitary Sewer Improvements	\$290,984	\$0	\$290,984
Storm Drainage Improvements	\$79,114	\$0	\$79,114
Other Soft and Miscellaneous Costs	\$627,811	\$0	\$627,811
<i>Subtotal</i>	<i>\$2,000,110</i>	<i>\$0</i>	<i>\$2,000,110</i>
<i><u>Phase #1 Improvements:</u></i>			
Roadway Improvements	\$505,870	\$1,294,090	\$1,799,960
Water Improvements	\$131,573	\$336,582	\$468,155
Sanitary Sewer Improvements	\$168,766	\$431,727	\$600,493
Storm Drainage Improvements	\$104,557	\$267,473	\$372,030
Other Soft and Miscellaneous Costs	\$207,199	\$530,046	\$737,245
<i>Subtotal</i>	<i>\$1,117,965</i>	<i>\$2,859,918</i>	<i>\$3,977,883</i>
Estimated Bond Issuance Costs	\$881,926	\$575,082	\$1,457,008
Total Uses	\$4,000,000	\$3,435,000	\$7,435,000

- (1) Phase #1 Improvements include the Authorized Improvements listed under this heading plus the original estimated \$2,000,110 pro rata share of the Major Improvements allocated to Phase #1.
- (2) The costs of Phase #1 Improvements shown under the Phase #1 Reimbursement Agreement were refinanced by the Phase #1 Refunding and Improvement Bonds.

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Table IV-B.2
Sources and Uses – Phases #1 Refunding and Improvement Bonds

Sources of Funds	Total
Par Amount	\$6,929,998
2017-2018 Assessment Payments	\$95,000
<i>Subtotal - Par Amount</i>	<i>\$7,024,998</i>
Other Funding Sources	\$1,128,196
Total Sources	\$8,153,195
Uses of Funds	
Deposit to Escrow Fund for 2014 Phase #1 Bonds	\$3,825,000
Outstanding Phase #1 Reimbursement Agreement balance refinanced	\$3,200,000
<i>Subtotal</i>	<i>\$7,025,000</i>
Bond Issuance Costs:	
Capitalized Interest	\$0
Reserve Fund	\$517,763
Administrative Expenses Fund	\$0
Other Bond Issuance Costs	\$610,432
<i>Subtotal: Bond Issuance Costs</i>	<i>\$1,128,195</i>
Total Uses	\$8,153,195

Phase #2 Reimbursement Agreement (Improvement Area #2 Local Improvements and Phase #3B Local Improvements)

The costs of Improvement Area #2 Local Improvements and Phase #3B Local Improvements were originally financed through the Phase #2 Reimbursement Agreement. On June 20, 2017, the Town and the Developer entered into the Phase #2 Reimbursement Agreement pursuant to which the Developer was to fund the Improvement Area #2 Local Improvements and the Phase #3B Local Improvements. On such date the Town levied a single Assessment on all property in Phases #2A, #3A, #3B, and #3C as shown in Appendix A, which consisted of both the Improvement Area #2 Local Improvement Assessments and the Phase #3B Local Improvement Assessments. The Town issued the Improvement Area #2 Refunding and Improvement Bonds to, in part, refinance the Improvement Area #2 Local Improvements financed through the Phase #2 Reimbursement Agreement. After the issuance of the Improvement Area #2 Refunding and Improvement Bonds, the Town's obligations relating to the Improvement Area #2 Local Improvements under the Phase #2 Reimbursement Agreement were extinguished and the Improvement Area #2 Local Improvement Assessments are pledged to the payment of the Improvement Area #2 Bonds. The Town's remaining obligations relating to the Phase #3B Local Improvements under the Phase #2 Reimbursement Agreement are being repaid with a portion of the proceeds of the Improvement Area #3 Bonds and will be secured solely by the Phase #3B Local Improvement Assessments shown on Appendix I-2.

Table IV-C.1 shows the original sources and uses of the Phase #2 Reimbursement Agreement obligation for the collective total of the Improvement Area #2 Local Improvements and Phase #3B Local Improvements.

Table IV-C.1
Sources and Uses – Phase #2 Reimbursement Agreement – Original

Sources of Funds	Phase #2 Reimbursement Agreement
Assessments	\$11,220,000
Other Funding Sources ¹	\$1,495,700
Total Sources	\$12,715,700
Uses of Funds	
Roadway Improvements	\$5,327,737
Water Improvements	\$1,423,460
Sanitary Sewer Improvements	\$1,617,016
Storm Drainage Improvements	\$787,327
Other Soft and Miscellaneous Costs	\$3,160,161
<i>Subtotal</i>	<i>\$12,315,700</i>
Miscellaneous PID Related Costs	\$400,000
Total Uses	\$12,715,700

⁽¹⁾ Includes right-of-way.

Other funding sources represent Developer contribution for the cost of Authorized Improvements in excess of the amounts financed with the Phase #2 Reimbursement Agreement.

Improvement Area #2 Refinancing

On February 20, 2018, the Town approved issuance of the Improvement Area #2 Refunding and Improvement Bonds to refund the proportional share of 2014 Major Improvement Bonds applicable to Improvement Area #2 and refinance the portion of the Phase #2 Reimbursement Agreement relating to the Improvement Area #2 Local Improvements funded by the Developer.

The total outstanding principal amount of the Phase #2 Reimbursement Agreement was \$11,220,000 as of the date of refunding. As shown in Appendix E, the total Equivalent Units in the assessed property located in Improvement Area #2 and Phase #3B is 408.32, of which total Equivalent Units of 315.66 (77.31%) are within Improvement Area #2 and the remaining total Equivalent Units of 92.66 (22.69%) are within Phase #3B. As a result, the amount of the Phase #2 Reimbursement Agreement relating to the Improvement Area #2 Local Improvements that was refinanced with Improvement Area #2 Refunding and Improvement Bonds is \$8,673,847 ($\$11,220,000 \times 77.31\% = \$8,673,847$) and the balance of the Phase #2 Reimbursement Agreement applicable to Phase #3B was \$2,546,153 ($\$11,220,000 \times 22.69\% = \$2,546,153$) as of the date of refunding. Table IV-D.2 shows the original remaining balance of the Phase #2 Reimbursement Agreement related to the Phase #3B Local Improvements.

As explained above, and shown in Table IV-A.2, the proportional share of the 2014 Major Improvement Bonds applicable to Improvement Area #2 refunded as part of the Improvement Area #2 Refunding and Improvement Bonds is \$3,867,930. As a result, the total par amount of Improvement Area #2 Refunding and Improvement Bonds issued to refund the proportional share

of the 2014 Major Improvement Bonds applicable to Improvement Area #2 and to refinance the portion of the Improvement Area #2 Local Improvements funded by the Developer pursuant to the Phase #2 Reimbursement Agreement (net of -\$3,849 in rounding) is \$12,537,928 (\$8,673,847 + \$3,867,930 - \$3,849). The Town's obligations under the Phase #2 Reimbursement Agreement applicable to the Improvement Area #2 Local Improvements terminated upon issuance of the Improvement Area #2 Refunding and Improvement Bonds. Table IV-D.1 shows the updated sources and uses for Improvement Area #2.

Table IV-D.1
Updated Sources and Uses – Improvement Area #2

Sources of Funds	Improvement Area #2 Refunding and Improvement Bonds
Par Amount of Phase #2 Reimbursement Agreement related to Improvement Area #2 Local Improvements	\$8,673,847
Proportional share of 2014 Major Improvement Bonds refunded ⁽¹⁾	\$3,867,930
Rounding	(\$3,849)
<i>Subtotal</i>	<i>\$12,537,928</i>
Other Funding Sources	\$4,288,700
Total Sources	\$16,826,628
Uses of Funds	
Deposit to Escrow Fund for portion of 2014 Major Improvement Bonds refunded ⁽¹⁾	\$3,867,930
<u>Improvement Area #2 Local Improvements</u>	
Roadway Improvements	\$4,421,148
Water Improvements	\$1,664,105
Sanitary Sewer Improvements	\$1,917,592
Storm Drainage Improvements	\$981,977
Other Soft and Miscellaneous Costs	\$1,811,725
<i>Subtotal</i>	<i>\$10,796,547</i>
<u>Bond Issuance Costs:</u>	
Capitalized Interest	\$229,875
Reserve Fund	\$905,125
Other Bond Issuance Costs	\$1,027,151
<i>Subtotal: Bond Issuance Costs</i>	<i>\$2,162,151</i>
Total Uses	\$16,826,628

⁽¹⁾ The proportional share of 2014 Major Improvement Bonds relating to Improvement Area #2 is shown in Table IV-A.2

Table IV-D.2
Updated Sources and Uses – Phase #2 Reimbursement Agreement –
Phase #3B Local Improvements – Original

Sources of Funds	Phase #2 Reimbursement Agreement – Phase #3B Local Improvements
Assessments	\$2,546,153
Other Funding Sources	\$248,657
Total Sources	\$2,794,810
Uses of Funds	
Roadway Improvements	\$1,209,023
Water Improvements	\$323,036
Sanitary Sewer Improvements	\$366,949
Storm Drainage Improvements	\$178,668
Other Soft and Miscellaneous Costs ⁽¹⁾	\$717,135
Total Uses	\$2,794,810

⁽¹⁾ Includes right-of-way.

Improvement Area #3 Bonds

Improvement Area #3 Bonds are being issued to fulfill the Town's obligations under the Phase #2 Reimbursement Agreement related to the Phase #3B Local Improvements and finance the Phase #2B-1 Local Improvements. The Actual Costs for the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements and payment of its allocated portion of the expenses incurred in issuing the Improvement Area #3 Bonds is \$7,363,324 as shown in Table IV-E.

Table IV-E
Estimated Sources and Uses – Improvement Area #3

Sources of Funds	Phase #3B	Phase #2B-1	Total
Improvement Area #3 Bond Amount	\$2,505,306	\$2,899,695	\$5,405,000
Other funding sources (a)	\$1,406,539	\$551,784	\$1,958,323
Total Sources	\$3,911,845	\$3,451,479	\$7,363,324
Uses of Funds			
Authorized Improvements (b)	\$3,511,326	\$2,895,482	\$6,406,808
Debt Service Reserve Fund	\$162,515	\$188,098	\$350,613
Capitalized Interest	\$0	\$92,428	\$92,428
Costs of Issuance	\$162,845	\$188,480	\$351,325
Underwriter's Discount	\$75,159	\$86,991	\$162,150
Total Uses	\$3,911,845	\$3,451,479	\$7,363,324

(a) The other funding sources represent projected costs of Authorized Improvements that have been paid by the Developer in excess of the Improvement Area #3 Bond proceeds without reimbursement from the City or the proceeds of the Improvement Area #3 Bonds.

(b) See Table III-C and Table III-D for details.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

B. FIVE-YEAR SERVICE AND ASSESSMENT PLAN

The annual projected costs and annual projected indebtedness for the Major Improvement Area is shown in Table IV-F. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-F
Major Improvement Area
Annual Projected Costs and Projected Indebtedness

Period Ending 9/30	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected Annual Installments
2021 & Prior	\$12,240,000	\$12,240,000	\$0	\$1,866,094
2022	\$0	\$0	\$0	\$622,866
2023	\$0	\$0	\$0	\$623,410
2024	\$0	\$0	\$0	\$624,000
2025	\$0	\$0	\$0	\$624,623
2026	\$0	\$0	\$0	\$625,273
2027	\$0	\$0	\$0	\$626,900
Total	\$12,240,000	\$12,240,000	\$0	\$5,613,166

The annual projected costs shown in Table IV-F are the annual expenditures relating to the Major Improvements shown in Table III-A and the costs associated with setting up the District and costs of issuance of Bonds relating to the Major Improvements including reserves shown in Table IV-A.1. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

The annual projected costs and annual projected indebtedness for Phase #1 is shown in Table IV-G. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-G
Phase #1
Annual Projected Costs and Projected Indebtedness

Period Ending 9/30	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected Annual Installments
2021 & Prior	\$7,435,000	\$7,435,000	\$0	\$1,736,217
2022	\$0	\$0	\$0	\$580,958
2023	\$0	\$0	\$0	\$577,548
2024	\$0	\$0	\$0	\$578,710
2025	\$0	\$0	\$0	\$579,310
2026	\$0	\$0	\$0	\$579,348
2027	\$0	\$0	\$0	\$578,825
Total	\$7,435,000	\$7,435,000	\$0	\$5,210,916

The annual projected costs shown in Table IV-G are the annual expenditures relating to the Phase #1 Improvements shown in Table III-B and the costs associated with setting up the District and costs of issuance of Bonds relating to the Phase #1 Improvements including reserves shown in Table IV-B.2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

The annual projected costs and annual projected indebtedness for Improvement Area #2 is shown in Table IV-H. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-H
Improvement Area #2
Annual Projected Costs and Projected Indebtedness

Period Ending 9/30	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected Annual Installments
2021 & Prior	\$16,826,628	\$12,537,928	\$4,288,700	\$2,987,488
2022	\$0	\$0	\$0	\$992,826
2023	\$0	\$0	\$0	\$994,992
2024	\$0	\$0	\$0	\$996,560
2025	\$0	\$0	\$0	\$993,160
2026	\$0	\$0	\$0	\$994,148
2027	\$0	\$0	\$0	\$994,212
Total	\$16,826,628	\$12,537,928	\$4,288,700	\$8,953,386

The annual projected costs shown in Table IV-H are the annual expenditures relating to the Improvement Area #2 Local Improvements shown in Table III-C and the costs associated with setting up the District and costs of issuance of Bonds relating to Improvement Area #2 Local Improvements including reserves shown in Table IV-D.1. The difference between the total

projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

The annual projected costs and annual projected indebtedness for Improvement Area #3 is shown in Table IV-I. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-I
Improvement Area #3
Annual Projected Costs and Projected Indebtedness

Period Ending 9/30	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected Phase #3B Local Improvements Annual Installments	Projected Phase #2B-1 Local Improvements Annual Installments
2021 & Prior ¹	\$7,390,147	\$5,405,000	\$1,985,147	\$788,542	\$0
2022	\$0	\$0	\$0	\$171,181	\$198,128
2023	\$0	\$0	\$0	\$198,402	\$229,635
2024	\$0	\$0	\$0	\$198,419	\$229,654
2025	\$0	\$0	\$0	\$198,334	\$229,556
2026	\$0	\$0	\$0	\$198,613	\$229,879
2027	\$0	\$0	\$0	\$198,306	\$229,523
Total	\$7,390,147	\$5,405,000	\$1,985,147	\$1,951,797	\$1,346,376

¹The amounts shown for years 2021 and prior are related to the annual projected costs and annual projected indebtedness for Phase #3B and the annual projected costs and annual projected indebtedness for Phase #2B-1 that are to be incurred as part of the issuance of the Improvement Area #3 Bonds in 2021.

The annual projected costs shown in Table IV-I are the annual expenditures relating to the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements shown in Table III-E and the costs associated with issuing the Improvement Area #3 Bonds. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

C. HOMEBUYER DISCLOSURE

The PID Act required that this Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Homebuyer Disclosure is attached as Appendix D hereto and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the Town Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed bond issuance program entails a series of bond financings that are intended to finance the public infrastructure required for the development of property within the PID. This financing will necessarily be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. The Town previously issued the (i) 2014 Phase #1 Bonds, (ii) 2014 Major Improvement Bonds, (iii) Phase #1 Refunding and Improvement Bonds (to refund the 2014 Phase #1 Bonds and to fund additional improvements in Phase #1 funded pursuant to the Phase #1 Reimbursement Agreement), (iv) the Improvement Area #2 Refunding and Improvement Bonds (to refund a portion of the 2014 Major Improvement Bonds and to finance additional Improvements Area #2 Local Improvements funded pursuant to the Phase #2 Reimbursement Agreement), (v) the Major Improvement Area Refunding Bonds to refund a portion of the 2014 Major Improvement Bonds, and (vi) the Improvement Area #3 Bonds. Subsequent Phased PID Bonds are anticipated to be issued over the upcoming decade as the Future Phases of the PID are gradually constructed.

The purpose of this gradual issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

Additionally, phased issuance of debt will maintain a prudent value to lien (“VtL”) within the financing program. In order to maintain a prudent VtL, the initial issuance of bonds for a specific set of Authorized Improvements may not fund the entire desired level of public infrastructure because the property value is not high enough to support the entire debt load at the VtL chosen for the development. In that case, the Developer will need to fund the additional infrastructure costs with cash at closing. This cash investment by the Developer for certain Authorized Improvements can be reimbursed by a subsequent parity lien bond financing, secured by the same

special assessments, once the assessed property is partially or fully developed and the value has increased sufficiently to permit the issuance of the additional bonds in a prudent fashion.

As is noted above, the subsequent series of bonds to be issued for each additional phase will only be issued when private development is ready to proceed, and the financing can be undertaken on a prudent basis with strong municipal marketplace acceptance. Each of the individual Phased PID Bond financings may contain an additional bonds test (“ABT”) that will set forth credit tests for the issuance of additional parity lien 'B' bonds to be secured by the same assessments that secure the series of Phased PID Bonds . The ABT is intended to protect the credit of the financing program by providing standards for the issuance of the parity bonds.

For purposes of this Service and Assessment Plan, the Town Council has determined that the costs of the Major Improvements, Phase #1 Improvements, the Improvement Area #2 Local Improvements, the Phase #3B Local Improvements, and the Phase #2B-1 Local Improvements shall be allocated as described below:

1. The Major Improvement Area Improvements, Phase #1 Improvements, the Improvement Area #2 Local Improvements, the Phase #3B Local Improvements, and the Phase #2B-1 Local Improvements shall be allocated on the basis of Equivalent Units once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The Town Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the Town Council has taken in to consideration (i) the type of development (i.e., residential, commercial, etc.), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home process provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the improvements.
3. The Assessed Property is classified into different Lot Types as described in Appendix E based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.
5. The Major Improvements are proportionally allocated to the Major Improvement Area Assessed Property (which included subphases #2B-1, #2B-2, #3B, #4A, #4B, and #4C as shown in Appendix A), the Improvement Area #2 Assessed Property, and the Phase #1 Assessed Property based on the ratio of total Equivalent Units estimated for the Major Improvement Area Assessed Property, the Improvement Area #2 Assessed Property and the Phase #1 Assessed Property.
6. The Major Improvement Area Assessed Property’s proportional share of the costs for the Major Improvements is allocated to each Parcel within the Major Improvement Area Assessed

Property (which included subphases #2B-1, #2B-2, #3B, #4A, #4B, #4C as shown in Appendix A) based on the total Equivalent Units estimated for each Parcel.

7. The Improvement Area #2 Assessed Property's proportional share of the costs for the Major Improvements is allocated to each Parcel within the Improvement Area #2 Assessed Property based on the total Equivalent Units estimated for each Parcel. The Improvement Area #2 Local Improvement costs are allocated to each Parcel within the Improvement Area #2 Assessed Property based on the total Equivalent Units estimated for each Parcel.
8. The Phase #1 Improvements (including Phase #1 Assessed Property's proportional share of the costs of the Major Improvements) are allocated to each Parcel within the Phase #1 Assessed Property based on the total Equivalent Units estimated for each Parcel.
9. The Phase #3B Local Improvements are allocated to each Parcel within the Phase #3B Local Improvement Assessed Property based on the total Equivalent Units estimated for each Parcel.
10. The Phase #2B-1 Local Improvements are allocated to each Parcel within the Phase #2B-1 Local Improvement Assessed Property based on the total Equivalent Units estimated for each Parcel.

Table V-A provides the estimated allocation of costs of the Major Improvements to Phase #1, Improvement Area #2, Phase #3B (as a portion of the Major Improvement Area), Phase #2B-1 (as a portion of the Major Improvement Area) and the Future Phases (as portions of the Major Improvement Area).

At this time, it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Phases will receive from internal subdivision Authorized Improvements that will benefit each individual phase and that are to be financed with Phased PID Bonds. Therefore, at this time Parcels will only be assessed for the special benefits conferred upon the Parcel because of the Major Improvement Area Improvements, the Phase #1 Improvements, the Improvement Area #2 Local Improvements, the Phase #3B Local Improvements, and the Phase #2B-1 Local Improvements, as applicable to such Parcels.

In connection with the issuance of Phased PID Bonds and/or execution of any related reimbursement agreements, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Phase receives from the specific Authorized Improvements funded with those Phased PID Bonds issued with respect to that Future Phase or execution of any related reimbursement agreements related thereto. Prior to assessing Parcels located within Future Phases in connection with issuance of Phased PID Bonds or the execution of a related reimbursement agreement, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs of such Authorized Improvements.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result the Major Improvement Area Improvements,

the Phase #1 Improvements, the Improvement Area #2 Local Improvements, the Phase #3B Local Improvements, and the Phase #2B-1 Local Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Major Improvement Area Assessed Property, the Phase #1 Assessed Property, the Improvement Area #2 Local Improvement Assessed Property, the Phase #3B Local Improvement Assessed Property, and the Phase #2B-1 Local Improvement Assessed Property for such improvements, as applicable, and (iii) establishes the methodologies by which the Town Council allocates and reallocates the special benefit of the Major Improvement Area Improvements, the Phase #1 Improvements, the Improvement Area #2 Improvements, the Phase #3B Local Improvements, and the Phase #2B-1 Local Improvements to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the Town Council of the assessment methodologies set forth below is the result of the discretionary exercise by the Town 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.

As Future Phases are developed, in connection with the issuance of Phased PID Bonds or the execution of related reimbursement agreements, this Service and Assessment Plan will be updated based on the Town's determination of the assessment methodology for each Future Phase.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance, if applicable, and payment of costs incurred in the establishment, administration, and operation of the PID shown in Section IV are authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the Town Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the Town Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the Town Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;

4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ALLOCATION OF COSTS OF MAJOR IMPROVEMENTS TO ASSESSED PROPERTY

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the estimated Major Improvement costs must be allocated throughout all Assessed Property in the District. Table V-A summarizes the allocation of estimated costs for each Major Improvement. The costs shown in Table V-A are estimates and may be revised in Annual Service Plan Updates, but the related Assessment may not be increased.

Phase #1 contains 210 residential units. As shown in the original Appendix E, the total revised Equivalent Units for Phase #1 is calculated as 177.89. Improvement Area #2 contains 444 residential units. As shown in Appendix E, the total Equivalent Units within Improvement Area #2 (Phases #2A, #3A, and #3C) is 315.66. Phase #3B contains 139 residential units. As shown in Appendix E, the total Equivalent Units for Phase #3B is 92.66. Phase #2B-1 contains 89 residential units. As shown in Appendix E, the total Equivalent Units for Phase #2B-1 is 72.09. The Future Phases are projected to contain approximately 374.45 Equivalent Units. Table V-A shows the breakdown of the Major Improvement Costs based on the Equivalent Units described above.

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Table V-A
Allocation of Major Improvement Costs

Authorized Improvement	Major Improvement Costs
Road Improvements	\$3,635,839
Water Improvements	\$1,666,322
Sanitary Sewer Improvements	\$1,572,612
Storm Drainage Improvements	\$546,856
Other soft and miscellaneous costs	\$3,990,005
Total Major Improvements⁽¹⁾	\$11,411,634
Phase #1	
Total Equivalent Units ⁽²⁾	177.89
% of total Equivalent Units	17.22%
Proportionate Share of Costs ⁽³⁾	\$1,965,641
Improvement Area #2 (Phases #2A, 3A and 3C)	
Total Equivalent Units ⁽²⁾	315.66
% of total Equivalent Units	30.56%
Proportionate Share of Costs ⁽³⁾	\$3,487,966
Major Improvement Area	
Total Equivalent Units ⁽²⁾	539.39
% of total Equivalent Units	52.22%
Proportionate Share of Costs ⁽³⁾	\$5,958,027
Reallocation of Major Improvement Area	
Major Improvement Area (Phase #3B)	
Total Equivalent Units ⁽²⁾	92.66
% of total Equivalent Units	15.97%
Proportionate Share of Costs ⁽³⁾	\$951,207
Major Improvement Area (Phase #2B-1)	
Total Equivalent Units ⁽²⁾	72.09
% of total Equivalent Units	12.42%
Proportionate Share of Costs ⁽³⁾	\$740,044
Major Improvement Area (Future Phases)	
Total Equivalent Units ⁽²⁾	415.64
% of total Equivalent Units	71.61%
Proportionate Share of Costs ⁽³⁾	\$4,266,776

Notes:

1 - See Appendix B for detailed costs of the Major Improvements.

2 - See Appendix E for the detailed calculations of Equivalent Units.

3 – These amounts represent the proportional estimated costs of the Major Improvements (excluding bond issuance related costs) originally funded through the Series 2014 Major Improvement Bonds.

D. ALLOCATION OF ACTUAL COSTS OF PHASE #1 IMPROVEMENTS

The Phase #1 Improvements provide a special benefit to the Phase #1 Assessed Property, other than the Non-Benefited Property. The Actual Costs of the Neighborhood Phase #1 Improvements are, therefore, allocated entirely to the Phase #1 Assessed Property, as shown in Table V-C.

Table V-C
Cost Allocation of Phase #1 Improvements

Authorized Improvements	Total Cost (a)	Phase #1's Share of Major Improvements		Phase #1 Onsite Improvements	
		% Allocation	Share of Costs	% Allocation	Share of Costs
Road Improvements	\$2,426,229	17.22%	\$626,269	100.00%	\$1,799,960
Water Improvements	\$755,177	17.22%	\$287,022	100.00%	\$468,155
Sanitary Sewer Improvements	\$871,374	17.22%	\$270,881	100.00%	\$600,493
Storm Drainage Improvements	\$466,225	17.22%	\$94,195	100.00%	\$372,030
Other soft and miscellaneous costs	\$1,424,519	17.22%	\$687,274	100.00%	\$737,245
Total Authorized Improvements	\$5,943,524		\$1,965,641		\$3,977,883

(a) See Table III-B for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

E. ALLOCATION OF ACTUAL COSTS OF IMPROVEMENT AREA #2 LOCAL IMPROVEMENTS

The Improvement Area #2 Local Improvements provide a special benefit to the Improvement Area #1 Assessed Property, other than the Non-Benefited Property. The Actual Costs of the Improvement Area #2 Local Improvements are, therefore, allocated entirely to the Improvement Area #2 Assessed Property, as shown in Table V-D.

Table V-D
Cost Allocation of Improvement Area #2 Local Improvements

Authorized Improvements	Total Cost (a)	Improvement Area #2 Local Improvements	
		% Allocation	Share of Costs
Road Improvements	\$4,421,148	100%	\$4,421,148
Water Improvements	\$1,664,105	100%	\$1,664,105
Sanitary Sewer Improvements	\$1,917,592	100%	\$1,917,592
Storm Drainage Improvements	\$981,977	100%	\$981,977
Other soft and miscellaneous costs	\$1,811,725	100%	\$1,811,725
Total Authorized Improvements	\$10,796,547	100%	\$10,796,547

(a) See Table III-C for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

F. ALLOCATION OF ACTUAL COSTS OF PHASE #3B LOCAL IMPROVEMENTS

The Phase #3B Local Improvements provide a special benefit to the Phase #3B Local Improvement Assessed Property, other than the Non-Benefited Property. The Actual Costs of the Phase #3B Local Improvements are, therefore, allocated entirely to the Phase #3B Local Improvement Assessed Property, as shown in Table V-E.

Table V-E
Cost Allocation of Phase #3B Local Improvements

Authorized Improvements	Total Cost (a)	Phase #3B Local Improvements	
		% Allocation	Share of Costs
Road Improvements	\$1,163,279	100%	\$1,163,279
Water Improvements	\$256,530	100%	\$256,530
Sanitary Sewer Improvements	\$1,847,782	100%	\$1,847,782
Storm Drainage Improvements	\$108,561	100%	\$108,561
Other soft and miscellaneous costs	\$135,174	100%	\$135,174
Total Authorized Improvements	\$3,511,326	100%	\$3,511,326

(a) See Table III-C for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

G. ALLOCATION OF ACTUAL COSTS OF PHASE #2B-1 LOCAL IMPROVEMENTS

The Phase #2B-1 Local Improvements provide a special benefit to the Phase #2B-1 Local Improvement Assessed Property, other than the Non-Benefited Property. The Actual Costs of the Phase #2B-1 Local Improvements are, therefore, allocated entirely to the Phase #2B-1 Local Improvement Assessed Property, as shown in Table V-G.

Table V-G
Cost Allocation of Phase #2B-1 Local Improvements

Authorized Improvements	Total Cost (a)	Phase #2B-1 Local Improvements	
		% Allocation	Share of Costs
Road Improvements	\$1,792,042	100%	\$1,792,042
Water Improvements	\$267,193	100%	\$267,193
Sanitary Sewer Improvements	\$321,450	100%	\$321,450
Storm Drainage Improvements	\$220,898	100%	\$220,898
Other soft and miscellaneous costs	\$293,899	100%	\$293,899
Total Authorized Improvements	\$2,895,482	100%	\$2,895,482

(a) See Table III-D for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

H. ASSESSMENT METHODOLOGY

The Actual Costs may be assessed by the Town Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals

or exceeds the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

Having taken into consideration the matters described under Section V.A and Section V.B above, the Town Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. These classifications (from Lot Type 1 (80 Ft Lots) representing the highest residential value to Lot Type 6 (25 Ft Lot) representing the lowest value. Assessments are allocated to each land use class on the basis of the average value for each Lot Type. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each Lot Type, setting the Equivalent Unit factor for Lot Type 1 (80 Ft Lots) to 1.0.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the Town Council. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the Town Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

1. Assessment Methodology for the Major Improvements for Major Improvement Area

For purpose of this Service and Assessment Plan, the Town Council determined that the portion of Actual Costs of the Major Improvements to be allocated to the Major Improvement Area shall be allocated to the Major Improvement Area Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types, number and average home value of Lots anticipated to be developed on each Parcel.

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area is shown on the Major Improvement Area Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. Assessment Methodology for Phase #1 Improvements

For the purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the Phase #1 Improvements, including and the portion of the Major Improvements to be financed or refinanced with the Phase #1 Refunding and Improvement Bonds, shall be allocated to the Phase #1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots anticipated to be developed on each Parcel within Phase #1.

Based on the Actual Costs of the Phase #1 Improvements and the portion of the Phase #1 Improvements that benefit Phase #1, as set forth in Table III-B, the Town Council has determined that the benefit to Phase #1 property attributable to the Phase #1 Improvements is at least equal to the Assessments levied on the Phase #1 Assessed Property.

The Assessment and Annual Installments for each Parcel or Lot located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. Assessment Methodology for Improvement Area #2

For the purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the Improvement Area #2 Local Improvements shall be allocated to the Improvement Area #2 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots anticipated to be developed on each Parcel within Improvement Area #2.

Based on the Actual Costs of the Improvement Area #2 Local Improvements that benefit Improvement Area #2, as set forth in Table III-C, and the portion of the Major Improvement benefitting Improvement Area #2, the Town Council has determined that the benefit to Improvement Area #2 property attributable to the Improvement Area #2 Local Improvements is at least equal to the Assessments levied on the Improvement Area #2 Assessed Property.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #2 is shown on the Improvement Area #2 Assessment Roll, attached as Appendix H and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

4. Assessment Methodology for Phase #3B Local Improvements

For the purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the Phase #3B Local Improvements shall be allocated to the Phase #3B Local Improvement Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots anticipated to be developed on each Parcel within Phase #3B.

Based on the estimated costs of the Phase #3B Local Improvements that benefit Phase #3B, as set forth in Table III-C, the Town Council has determined that the benefit to Phase #3B property attributable to the Phase #3B Local Improvements is at least equal to the Assessments levied on the Phase #3B Local Improvement Assessed Property.

The Assessment and Annual Installments for each Parcel or Lot located within Phase #3B is shown on the Phase #3B Local Improvement Assessment Roll, attached as Appendix I-2, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

5. Assessment Methodology for Phase #2B-1 Local Improvements

For purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the Phase #2B-1 Local Improvements shall be allocated to the Phase #2B-1 Local Improvement Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of Equivalent Units anticipated to be developed on each Parcel.

Based on the estimates of the costs of the Phase #2B-1 Local Improvements, as set forth in Table III-D, the Town Council has determined that the benefit to Phase #2B-1 Local Improvement Assessed Property of the Phase #2B-1 Local Improvements is at least equal to the Assessments levied on the Phase #2B-1 Local Improvement Assessed Property.

The Assessment and Annual Installments for each Parcel or Lot located within Phase #2B-1 is shown on the Phase #2B-1 Local Improvement Assessment Roll, attached as Appendix I-3, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

5. Assessment Methodology for Future Phases

When any given Future Phase is developed, and Phased PID Bonds for that Future Phase are to be issued, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within that Phase.

I. ASSESSMENTS

The Assessments for the Major Improvement Area Refunding Bonds, the Phase #1 Refunding and Improvement Bonds, the Improvement Area #2 Refunding and Improvement Bonds, and the Improvement Area #3 Bonds are levied on each Parcel according to the Major Improvement Area Assessment Roll attached hereto as Appendix F, the Phase #1 Assessment Roll attached hereto as Appendix G, the Improvement Area #2 Assessment Roll attached hereto as Appendix H, and the Improvement Area #3 Assessment Roll attached hereto as Appendix I-1, respectively. The Annual Installments for the Major Improvement Area Refunding Bonds, the Phase #1 Refunding and Improvement Bonds, the Improvement Area #2 Refunding and Improvement Bonds, and the Improvement Area #3 Bonds as shown on the Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Improvement Area #2 Assessment Roll, and the Improvement Area #3 Assessment Roll (as well as the Phase #2B-1 Assessment Roll attached hereto as Appendix I-3 and the Phase #3B Assessment Roll attached hereto as Appendix I-2), respectively, are subject to any revisions made during an Annual Service Plan Update.

J. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on each Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

K. PREPAYMENT AND DELINQUENCY RESERVE

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds by no more than one half of one percent (0.50%). The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds, which will be allocated to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Bonds are prepaid and to fund a delinquency reserve. With respect to the Annual Installments of the Assessments securing the Improvement Area #3 Bonds, this additional interest will be collectively deposited into a separate reserve account created under the indenture authorizing the Improvement Area #3 Bonds.

L. TIRZ CREDIT

Pursuant to the TIRZ Ordinance, the Town has agreed to use TIRZ Revenues (the 46% of the property tax increment collected and deposited into the TIRZ No. 4 tax increment fund) generated from each Parcel to offset a portion of such Parcel's Assessments (the "TIRZ Annual Credit Amount"). The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit applicable to each Parcel shall be calculated as described under Section VI of this Service and Assessment Plan.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE MAJOR IMPROVEMENT AREA

The Assessment and Annual Installments for each Assessed Property located within the Major Improvement Area are shown on the Major Improvement Area Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Major Improvement Area Refunding Bonds, to fund the prepayment reserve and delinquency reserve described in Section V, to cover Administrative Expenses of the Major Improvement Area. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel in the Major Improvement Area shall be calculated in the manner described below.

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #1

The Assessment and Annual Installments for each Assessed Property located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phase #1 Refunding and Improvement Bonds, to fund the prepayment reserve and delinquency reserve described in Section V, and to cover Administrative Expenses of Phase #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel in Phase #1 shall be calculated in the manner described below.

C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN IMPROVEMENT AREA #2

The Assessment and Annual Installments for each Assessed Property located within Improvement Area #2 is shown on the Improvement Area #2 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Improvement Area #2 Refunding and Improvement Bonds, to fund the prepayment reserve and delinquency reserve described in Section V, and to cover Administrative Expenses of Improvement Area #2. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel in Improvement Area #2 shall be calculated in the manner described below.

D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN IMPROVEMENT AREA #3

The Assessment and Annual Installments for Improvement Area #3 Improvements (relating to Phase #3B) for each Assessed Property located within Improvement Area #3 is shown on the Improvement Area #3 Assessment Roll, attached as Appendix I-1 (as well as the Phase #3B Assessment Roll attached as Appendix I-2), and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the portion of the Improvement Area #3 Bonds relating to Phase #3B Local Improvements to fund the prepayment reserve and delinquency reserve described in Section V, and to cover a portion of the Administrative Expenses in Phase #3B. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel in Phase #3B shall be calculated in the manner described below.

The Assessment and Annual Installments for Improvement Area #3 Improvements (relating to Phase #2B-1) for each Assessed Property located within Improvement Area #3 is shown on the Improvement Area #3 Assessment Roll, attached as Appendix I-1 (as well as the Phase #2B-1 Assessment Roll attached as Appendix I-3), and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the portion of the Improvement Area #3 Bonds relating to Phase #2B-1, to fund the prepayment reserve and delinquency reserve described in Section V and to cover the Administrative Expenses in Phase #2B-1. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit for each Parcel in Phase #2B-1 shall be calculated in the manner described below.

E. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE PHASES

As Future Phases are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Phases (e.g., an Appendix will be added as the Assessment Roll for each Future Phase). The Assessments shall not exceed the benefit received by the Assessed Property in such Future Phase.

F. TIRZ CREDIT TO ANNUAL INSTALLMENTS

The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate the Parcel's TIRZ Credit for such Parcel (and/or new Parcels subdivided from such Parcel) in the following year (i.e., TIRZ Revenues collected in 2017 were used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2018). The TIRZ Credit shall be calculated for those Parcels that are subject to Assessments in the PID and have generated TIRZ Revenues.

G. REALLOCATION OF ASSESSMENTS

1. Subdivision

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

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

Where the terms have the following meanings:

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

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

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

2. Consolidation

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

H. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the Town the full

amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

2. If at any time the Assessment per Equivalent Unit on a Parcel exceeds the applicable Maximum Assessment per Equivalent Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the Town prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Unit for the Parcel exceeds the applicable Maximum Assessment per Unit calculated in this Service and Assessment Plan.
3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

I. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the Town Council pro rata such that the sum of the resulting reduced Assessments securing the Bonds for all applicable Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds as described in the indenture securing such series of Bonds. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the Town may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed and as described in the applicable indenture.
2. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the Town Council to reflect only the amounts required to repay the Bonds, including interest on the Bonds and Administrative Expenses, and such excess Bond proceeds shall be applied to redeem Bonds as described in the indenture securing such series of Bonds. The Town Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on Equivalent units, if determined by the Town Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds, including interest on the Bonds and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata

to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds is equal to the outstanding principal amount of the Bonds.

J. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest paid beyond the date of the prepayment and reserve funds applied to the redemption under the applicable indenture, net of any other costs applicable to the redemption of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the Town shall deposit the payment in accordance with the applicable indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the Act authorizes an Assessment to be paid in installments and additionally allows the Town to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the respective Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Prepayment Reserve and Delinquency Reserve, if applicable. Payment of the Annual Installments shall commence as described under Section VI.L.

Each Assessment shall be paid with interest of no more than the lesser of (i) the actual interest rate paid on the Bonds secured by such assessment and (ii) if Bonds are not issued, at a rate (a) not to exceed five hundred basis points above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index approved by the Town and reported in the month prior to the establishment of the respective Assessment and continuing for a period of five years from such date, and (b) not to exceed two hundred basis points above such bond index rate described above for the period beginning with the sixth year after the establishment of the respective Assessment and continuing until the Assessments are paid in full.

The Phase #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on the bond interest rates of 4.10%, 4.20%, 4.30%, 4.40% and 5.25% for the Phase #1 Refunding and Improvement Bonds due in 2019, 2020, 2021, 2022, and 2044, respectively, and additional interest at the rate of 0.5% for administrative expenses, and a Prepayment Reserve and Delinquency Reserve. The Improvement Area #2 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on the bond interest rates on the bond interest rates of 4.60%, 4.70%, 4.80%, 4.90%, 5.00% and 5.75% for the Improvement Area #2 Refunding and Improvement Bonds due in 2019, 2020, 2021, 2022, 2023 and 2048 respectively, and additional interest at the rate of 0.5% for administrative expenses, and a Prepayment Reserve and Delinquency Reserve. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Parcel based on the bond interest rates on the bond interest rates of 4.85%, 5.00%, 5.10%, 5.20%, 5.30%, 5.40%, 5.50% and 6.75% for the Major Improvement Area Refunding Bonds due in 2019, 2020, 2021, 2022, 2023, 2024, 2025 and 2048, respectively, and additional interest at the rate of 0.5% for administrative expenses, and a Prepayment Reserve and Delinquency Reserve.

The Improvement Area #3 Assessment Roll (for Phase #3B Local Improvements) and the Phase #3B Assessment Roll sets forth for each year the Annual Installment for each Parcel of Phase #3B Local Improvement Assessed Property based on a interest rate of 4.25% on the portion of the Improvement Area #3 Bonds relating to the Phase #3B Local Improvements.

The Improvement Area #3 Assessment Roll (for Phase #2B-1 Local Improvements) and the Phase #2B-1 sets forth for each year the Annual Installment for each Parcel of Phase #2B-1 Local Improvement Assessed Property based on a interest rate of 4.25% on the portion of the Improvement Area #3 Bonds relating to the Phase #2B-1 Local Improvements.

Furthermore, the principal and interest component of the Annual Installments may not exceed the amounts shown on the Assessment Rolls. The Assessment Rolls, updated with the actual interest rates on the Major Improvement Area Bonds, Phase #1 Bonds, the Improvement Area #2 Bonds, or the Improvement Area #3 Bonds, are shown as Appendix F, Appendix G, Appendix H, and Appendix I-1, Appendix I-2, and Appendix I-3, as applicable.

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

The Town reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

K. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the Town 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. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the Town in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the Town. The Town Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

Each Annual Installment for the Major Improvement Area, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the first Annual Installment for the Major Improvement Area commenced in 2015.

Each Annual Installment for Phase #1, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the first Annual Installment for Phase #1 commenced in 2015.

Each Annual Installment for Improvement Area #2, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the first Annual Installment for Improvement Area #2 commenced in 2019.

Each Annual Installment for Phase #3B, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the first Annual Installment for Phase #3B commenced in 2020.

Each Annual Installment for Phase #2B-1, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the first Annual Installment for Phase #2B-1 will commence with the issuance of the Improvement Area #3 Bonds.

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VII. THE ASSESSMENT ROLL

A. MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Each Parcel within the Major Improvement Area has been evaluated by the Town Council (based on the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Major Improvements, best and highest use of land, and other development factors deemed relevant by the Town Council) to determine the Assessed Property within each Parcel.

The Major Improvement Area Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Major Improvement Area Improvements. Table IV-A.3 summarizes the \$7,762,139 in special benefit received by the Major Improvement Area Assessed Property from the Major Improvement Area Improvements and miscellaneous PID related costs. The initial par amount of Major Improvement Area Refunding Bonds was \$6,606,994, which is less than the benefit received by Major Improvement Area Assessed Property, and as such the total Assessment for all Major Improvement Area Assessed Property, as of the issuance of the Major Improvement Area Refunding Bonds, is \$6,606,994 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Major Improvement Area is calculated based on the allocation methodologies described in Section V of this Service and Assessment Plan. The Major Improvement Area Assessment Roll is attached hereto as Appendix F.

B. PHASE #1 ASSESSMENT ROLL

Phase #1 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #1 Improvements that benefit Phase #1, which include a proportionate share of the Major Improvements allocable to Phase #1. Table IV-B.2 summarizes the \$8,153,195 in special benefit received by the Phase #1 Assessed Property from the Phase #1 Improvements and miscellaneous PID related costs. The initial par amount of Phase #1 Refunding and Improvement Bonds was \$6,929,998, which is less than the benefit received by the Phase #1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase #1, as of the issuance of the Phase #1 Refunding and Improvement Bonds, is \$6,929,998 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phase #1 is calculated based on the allocation methodologies described in Section V of this Service and Assessment Plan. The Phase #1 Assessment Roll is attached hereto as Appendix G.

C. IMPROVEMENT AREA #2 ASSESSMENT ROLL

Improvement Area #2 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Improvement Area #2 Local Improvements that benefit Improvement Area #2. Table IV-D.1 summarizes the \$16,826,628 in special benefit received by Improvement Area #2 Assessed Property from the Improvement Area #2 Improvements that benefit Improvement Area #2 and miscellaneous PID related costs. The initial par amount of the Improvement Area #2 Refunding and Improvement Bonds was \$12,537,928, which is less than the benefit received by Improvement Area #2 Assessed Property, and as such the total Assessment

for all Assessed Property within Improvement Area #2, as of the issuance of the Improvement Area #2 Refunding and Improvement Bonds, is \$12,537,928 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Improvement Area #2 is calculated based on the allocation methodologies described in Section V of this Service and Assessment Plan. The Improvement Area #2 Assessment Roll is attached hereto as Appendix H.

D. IMPROVEMENT AREA #3 ASSESSMENT ROLL

Phase #3B Local Improvement Assessed Property and the Phase #2B-1 Local Improvement Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Improvement Area #3 Improvements that benefit Improvement Area #3. Table IV-E summarizes the \$7,363,324 in special benefit received by the Phase #3B Local Improvement Assessed Property and Phase #2B-1 Local Improvement Assessed Property from the Improvement Area #3 Improvements and miscellaneous PID related costs. The collectively amount of the Phase #3B Local Improvement Assessments and Phase #2B-1 Local Improvement Assessments is \$5,405,000, which is less than the benefit received by Phase #3B Local Improvement Assessed Property and Phase #2B-1 Local Improvement Assessed Property, and as such the total Assessment for all Phase #3B Local Improvement Assessed Property and Phase #2B-1 Local Improvement Assessed Property is \$5,405,000 plus annual Administrative Expenses and other authorized charges, including amounts collected to fund the prepayment reserve and delinquency reserve described in Section V. The Assessment for each Parcel of the Phase #3B Local Improvement Assessed Property and Phase #2B-1 Local Improvement Assessed Property within Improvement Area #3 is calculated based on the allocation methodologies described in Section V of this Service and Assessment Plan. The Improvement Area #3 Assessment Roll is attached hereto as I, which includes Appendix I-1, Appendix I-2 (which respect to Phase #3B), and Appendix I-3 ((which respect to Phase #2B-1).

E. FUTURE PHASE ASSESSMENT ROLL

As Future Phases are developed, this SAP will be amended to determine the Assessment for each Parcel or Lot located within such Future Phase (e.g. an appendix will be added as the Assessment Roll for each Future Phase).

F. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the Town Council for approval, annual updates to the Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Improvement Area #2 Assessment Roll, the Improvement Area #3 Assessment Roll (as well as the Phase #3B Assessment Roll and the Phase #2B-1 Assessment Roll) in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the Town and permitted by the Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv)

payments of the Assessment, if any, as provided by Section VI of this Service and Assessment Plan.

Once Bonds that are secured by a set of Assessments are issued, the respective Assessment Roll(s) shall be updated, which update may be done in the next Annual Service Plan Update or as a part of an interim update to this Service and Assessment Plan, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the Bonds and Developer funds.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The Town may elect to designate a third party to serve as Administrator. The Town shall notify Developer in writing at least fifteen (15) days in advance before appointing a third-party Administrator.

To the extent consistent with the Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the Town not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the Town Council for approval to the extent permitted by the Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the Town Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the Town Council, the decision of the Town Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the Town shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The Town Council reserves the right to the extent permitted by the Act to amend this Service and Assessment Plan without notice under the Act and without notice to property owners of Parcels:

(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The Town Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in an applicable Trust Indenture, such determination shall be conclusive.

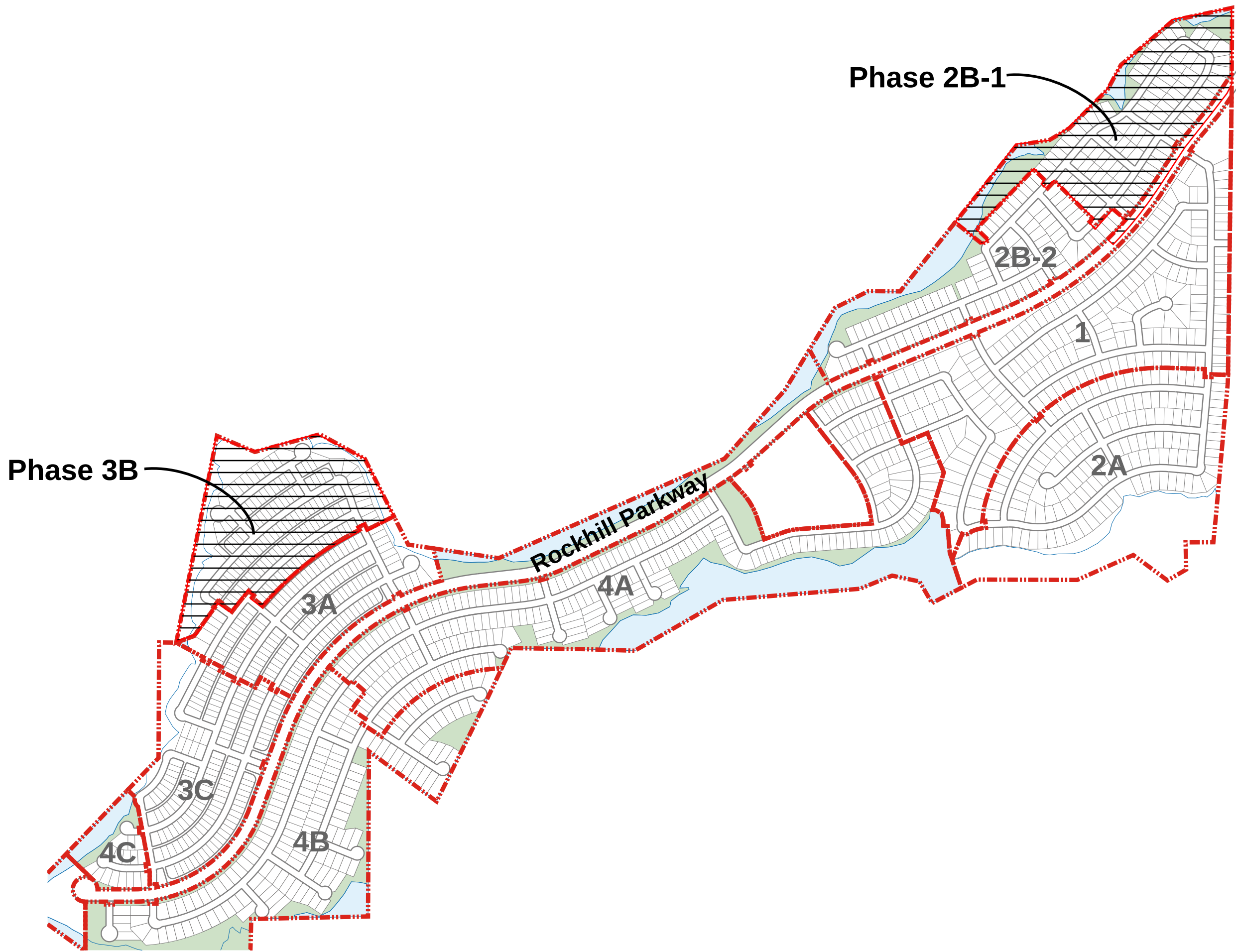
E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the Town Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the Town.

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APPENDIX A
PID MAP



APPENDIX B
ESTIMATED COSTS OF AUTHORIZED IMPROVEMENTS

Appendix B
Estimated Cost of Authorized Improvements

Authorized Improvement	Estimated Costs		
	Major Improvements to be funded with Series 2014 Phase #2-5 Major Improvement Bonds	Phase 1 Improvements to be funded with Series 2014 and 2015 Phase 1 Bonds	Future Phase Costs to be Funded with Future Bonds (For information purposes only)
Road Improvements			
Right-of-way clearing & Grubbing	\$19,980	\$72,240	\$337,380
Unclassified Excavation	\$123,763	\$301,000	\$1,761,538
Concrete Paving	\$1,438,300	\$888,165	\$6,311,775
Lime Stabilization	\$143,063	\$129,745	\$847,403
Lime Material	\$114,750	\$103,500	\$674,250
Temporary Pavement Section	\$0	\$31,365	\$0
5' Concrete Sidewalk	\$98,400	\$8,480	\$186,720
Curlex Erosion Control Matting	\$20,048	\$15,165	\$117,788
Franchise Utility Sleeves	\$29,825	\$32,400	\$178,625
Concrete Header & Barricade	\$4,875	\$11,800	\$4,875
Enhanced Paving Crosswalk	\$64,000	\$0	\$64,000
Barrier Free Ramps	\$14,300	\$31,900	\$165,000
Maintenance Bond	\$0	\$0	\$0
Street Signs	\$0	\$7,500	\$44,000
Street Lights	\$68,000	\$80,000	\$564,000
Pavement Markings	\$55,000	\$0	\$60,000
Screening Wall (Including Columns)	\$1,041,500	\$0	\$1,041,500
Landscape / Irrigation (Median)	\$467,775	\$0	\$520,975
Landscape / Irrigation (Parkway)	\$334,125	\$0	\$353,125
Erosion Control and Storm Water Pollution Prevention	\$41,250	\$62,700	\$364,250
Traffic Control	\$36,000	\$24,000	\$204,000
Subtotal - Road Improvements	\$4,114,953	\$1,799,960	\$13,801,203

Appendix B
Estimated Cost of Authorized Improvements

Authorized Improvement	Estimated Costs		
	Major Improvements to be funded with Series 2014 Phase #2-5 Major Improvement Bonds	Phase 1 Improvements to be funded with Series 2014 and 2015 Phase 1 Bonds	Future Phase Costs to be Funded with Future Bonds (For information purposes only)
Water Improvements			
Ex. 20" PVC Waterline	\$598,000	\$0	\$0
12" PVC Waterline	\$652,000	\$0	\$155,000
8" PVC Waterline	\$0	\$229,460	\$1,005,620
Waterline Installation by Bore	\$160,000	\$0	\$0
12" Gate Valve & Box	\$38,000	\$0	\$20,000
8" Gate Valves & Box	\$0	\$44,400	\$228,000
Fire Hydrant Assembly	\$10,500	\$59,500	\$469,000
Connect to Existing 12" Waterline	\$1,000	\$0	\$1,000
Connect to Existing Waterline W/ Wet Tap	\$10,000	\$0	\$0
End and Plug	\$350	\$4,200	\$0
1" Single Water Service	\$0	\$114,950	\$583,000
Seeding	\$5,500	\$0	\$0
Sod	\$41,000	\$0	\$0
Silt Fence	\$10,000	\$0	\$0
Land Acquisition Costs	\$50,000	\$0	\$0
Trench Safety	\$8,150	\$5,215	\$24,793
Test (Excluding Geotech)	\$16,300	\$10,430	\$49,585
Subtotal - Water Improvements	\$1,600,800	\$468,155	\$2,535,998

Appendix B
Estimated Cost of Authorized Improvements

Authorized Improvement	Estimated Costs		
	Major Improvements to be funded with Series 2014 Phase #2-5 Major Improvement Bonds	Phase 1 Improvements to be funded with Series 2014 and 2015 Phase 1 Bonds	Future Phase Costs to be Funded with Future Bonds (For information purposes only)
Sanitary Sewer Improvements			
Frisco Hills Lift Station (40%)	\$339,070	\$0	\$0
6" Force Main	\$0	\$0	\$79,560
10" Force Main	\$161,400	\$0	\$15,400
14" Force Main	\$395,958	\$0	\$0
8" PVC Sanitary Sewer Line	\$0	\$222,420	\$891,770
10" PVC Sanitary Sewer Line	\$0	\$41,250	\$0
12" PVC Sanitary Sewer Line	\$0	\$10,000	\$207,000
16" PVC Sanitary Sewer Line	\$74,375	\$0	\$0
Extra Depth Sanitary Sewer	\$0	\$32,000	\$0
4" Service Lines	\$0	\$114,950	\$578,050
5' Dia. Manhole	\$14,700	\$0	\$0
Sanitary Sewer Manhole	\$0	\$126,000	\$612,500
Cleanout	\$0	\$0	\$2,450
2000 PSI Concrete Encasement	\$0	\$12,800	\$0
Metering Station	\$50,000	\$0	\$0
Lift Station No. 1 - 0.1 MGD	\$0	\$0	\$125,000
Lift Station No. 2 - 0.44 MGD	\$0	\$0	\$175,000
Lift Station No. 3 - 0.1 MGD	\$0	\$0	\$125,000
Lift Station No. 4 - 1.5 MGD	\$600,000	\$0	\$0
Trench Safety	\$6,868	\$11,735	\$50,680
Test (Excluding Geotech)	\$17,169	\$29,338	\$126,700
Subtotal - Sanitary Improvements	\$1,659,539	\$600,493	\$2,989,110

Appendix B
Estimated Cost of Authorized Improvements

Authorized Improvement	Estimated Costs		
	Major Improvements to be funded with Series 2014 Phase #2-5 Major Improvement Bonds	Phase 1 Improvements to be funded with Series 2014 and 2015 Phase 1 Bonds	Future Phase Costs to be Funded with Future Bonds (For information purposes only)
Storm Drainage Improvements			
Roadway Drainage	\$0	\$0	\$22,800
Reinforced Concrete Storm Sewer Pipe	\$260,330	\$211,930	\$2,112,610
Debris Separators	\$50,000	\$37,500	\$362,500
Inlets W/Protection	\$109,125	\$93,000	\$604,125
Outfall Structures	\$11,500	\$10,500	\$99,000
Rock Rip Rap	\$6,000	\$7,200	\$66,000
Grade to Drain	\$8,000	\$8,150	\$8,000
End and Plug	\$700	\$0	\$700
Trench Safety	\$5,545	\$3,750	\$27,220
Subtotal - Drainage Improvements	\$451,200	\$372,030	\$3,302,955
TOTAL	\$7,826,492	\$3,240,638	\$22,629,265
Soft Costs			
Contingency hard costs (5%)	\$391,325	\$162,032	\$1,131,463
Engineering, Design & Surveying fees (12%)	\$939,179	\$388,877	\$2,715,512
Geotechnical and Materials Testing (2.5%)	\$195,662	\$81,016	\$565,732
Inspection Fees (3.25%)	\$254,361	\$105,321	\$735,451
ROW Cost	\$1,800,000		\$1,000,000
General Contractor fee			
General Conditions			
PIDLegal			
Subtotal Soft Costs	\$3,580,527	\$737,245	\$6,148,158
Grand Total Improvements + Soft Costs	\$11,407,019	\$3,977,883	\$28,777,423
Estimated Major Improvement Costs allocated to Phase 1	(\$2,000,110)	\$2,000,110	
Total Estimated Improvement Costs to be funded	\$9,406,909	\$5,977,992	\$8,453,828

Appendix B
Estimated Cost of Authorized Improvements

Authorized Improvement	Estimated Costs		
	Major Improvements to be funded with Series 2014 Phase #2-5 Major Improvement Bonds	Phase 1 Improvements to be funded with Series 2014 and 2015 Phase 1 Bonds	Future Phase Costs to be Funded with Future Bonds (For information purposes only)
Estimated Bond issuance related costs			
Deposits to Debt Service Reserve Fund	\$1,224,000	\$620,025	
Deposits to Capitalized Interest	\$525,040	\$178,810	
Other costs of issuance (underwriters, bond counsel etc)	\$1,084,051	\$658,173	
Total estimated Bond issuance related costs	\$2,833,091	\$1,457,008	
TOTAL ESTIMATED COSTS	\$12,240,000	\$7,435,000	

Valencia PID - Estimated Improvements - Phase #2																		
	Phase 3C-Horton																	
	Phase	Contract	Contractor	Original Contract Amount	Change Orders	Liquidated Damages	Final Contract Amount	Other (Non-Reimbursable)	Total Reimbursable	Water	Sanitary	Storm	Paving	Grading	Engineering	Contingency	Total	
	Phase 3C	Mass Grading	FCS Construction	\$ 280,951.05	\$ -		\$ 280,951.05	\$ (156,180.30)	\$ 124,770.75					\$ 124,770.75	\$ 18,715.61	\$ 6,238.54	\$ 149,724.90	
	Phase 3C	water, sanitary sewer & drainage	CW Young	\$ 855,932.00	\$ -		\$ 855,932.00	\$ -	\$ 855,932.00	\$ 275,989.50	\$ 345,352.35	\$ 234,590.14			\$ 128,389.80	\$ 42,796.60	\$ 1,027,118.39	
	Phase 3C	Paving	Gilco Contracting	\$ 1,067,659.00	\$ -		\$ 1,067,659.00	\$ -	\$ 1,067,659.00				\$ 1,067,659.00		\$ 160,148.85	\$ 53,382.95	\$ 1,281,190.80	
							\$ -	\$ -	\$ -								\$ -	
							\$ -	\$ -	\$ -				\$ -				\$ -	
		Phase 3C-Horton	Engineering	Petitt Barraza LLC														
		Engineering	Petitt Barraza LLC															
	TOTAL Phase 3C Horton			\$ 2,204,542	\$ -	\$ -	\$ 2,204,542	\$ (156,180)	\$ 2,048,362	\$ 275,990	\$ 345,352	\$ 234,590	\$ 1,067,659	\$ 124,771	\$ 307,254	\$ 102,418	\$ 2,458,034	
	Phase 3A, 3B-Beazer																	
	Phase	Contract	Contractor	Original Contract Amount	Change Orders	Liquidated Damages	Final Contract Amount	Other (Non-Reimbursable)	Total Reimbursable	Water	Sanitary	Storm	Paving	Grading	Engineering	Contingency	Total	
	Phase 3A, 3B-Beazer	Grading	FCS	\$ 569,265.55	\$ -		\$ 569,265.55	\$ (238,170.00)	\$ 331,095.55					\$ 331,095.55	\$ 49,664.33	\$ 16,554.78	\$ 397,314.66	
	Phase 3A, 3B-Beazer	water, sanitary sewer & drainage	Kodiak	\$ 833,657.00			\$ 833,657.00		\$ 833,657.00	\$ 304,486.00	\$ 308,599.50	\$ 220,571.50			\$ 125,048.55	\$ 41,682.85	\$ 1,000,388.40	
	Phase 3A, 3B-Beazer	Paving	Kodiak	\$ 909,199.00			\$ 909,199.00		\$ 909,199.00				\$ 909,199.00		\$ 136,379.85	\$ 45,459.95	\$ 1,091,038.80	
		Engineering	Petitt Barraza LLC															
		TOTAL Phase 3A, 3B Beazer			\$ 2,312,122	\$ -	\$ -	\$ 2,312,122	\$ (238,170)	\$ 2,073,952	\$ 304,486	\$ 308,600	\$ 220,572	\$ 909,199	\$ 331,096	\$ 311,093	\$ 103,698	\$ 2,488,742
	Centurion																	
	Phase	Contract	Contractor	Original Contract Amount	Change Orders	Liquidated Damages	Final Contract Amount	Other (Non-Reimbursable)	Total Reimbursable	Water	Sanitary	Storm	Paving	Grading	Engineering	Contingency	Total	
	Phase 2A-Centurion	Grading	RPMx	\$ 610,497.45	\$ -		\$ 610,497.45	\$ (366,754.00)	\$ 243,743.45					\$ 243,743.45	\$ 36,561.52	\$ 24,374.35	\$ 304,679.31	
	Phase 2A-Centurion	Utilities	TBD	\$ 934,133.00			\$ 934,133.00	\$ -	\$ 934,133.00	\$ 317,292.00	\$ 284,676.00	\$ 332,165.00			\$ 140,119.95	\$ 93,413.30	\$ 1,167,666.25	
	Phase 2A-Centurion	Paving	TBD	\$ 944,695.00			\$ 944,695.00		\$ 944,695.00				\$ 944,695.00		\$ 141,704.25	\$ 94,469.50	\$ 1,180,868.75	
	Phase 3 -Centurion	Grading	FCS	\$ 94,250.00			\$ 94,250.00		\$ 94,250.00					\$ 94,250.00	\$ 14,137.50	\$ 9,425.00	\$ 117,812.50	
	Phase 3 -Centurion	Water/Sewer utility lines and LS	Kodiak	\$ 1,204,079.00			\$ 1,204,079.00		\$ 1,204,079.00	\$ 525,692.00	\$ 678,387.73				\$ 180,611.85	\$ 120,407.90	\$ 1,505,099.48	
	Engineering	Petitt Barraza LLC																
	TOTAL CENTURION			\$ 3,787,654	\$ -	\$ -	\$ 3,787,654	\$ (366,754)	\$ 3,420,900	\$ 842,984	\$ 963,064	\$ 332,165	\$ 944,695	\$ 337,993	\$ 513,135	\$ 342,090	\$ 4,276,126	
	SUMMARY																	
	TOTAL Phase 3C Horton			\$ 2,204,542	\$ -	\$ -	\$ 2,204,542	\$ (156,180)	\$ 2,048,362	\$ 275,990	\$ 345,352	\$ 234,590	\$ 1,067,659	\$ 124,771	\$ 307,254	\$ 102,418	\$ 2,458,034	\$ 2,458,034.09
	TOTAL Phase 3A, 3B Beazer			\$ 2,312,122	\$ -	\$ -	\$ 2,312,122	\$ (238,170)	\$ 2,073,952	\$ 304,486	\$ 308,600	\$ 220,572	\$ 909,199	\$ 331,096	\$ 311,093	\$ 103,698	\$ 2,488,742	\$ 2,488,741.86
	TOTAL CENTURION			\$ 3,787,654	\$ -	\$ -	\$ 3,787,654	\$ (366,754)	\$ 3,420,900	\$ 842,984	\$ 963,064	\$ 332,165	\$ 944,695	\$ 337,993	\$ 513,135	\$ 342,090	\$ 4,276,126	\$ 4,276,125.56
	TOTAL			\$ 8,304,318	\$ -	\$ -	\$ 8,304,318	\$ (761,104)	\$ 7,543,214	\$ 1,423,460	\$ 1,617,016	\$ 787,327	\$ 2,921,553	\$ 793,860	\$ 1,131,482	\$ 548,206	\$ 9,222,902	\$ 11,315,698.64

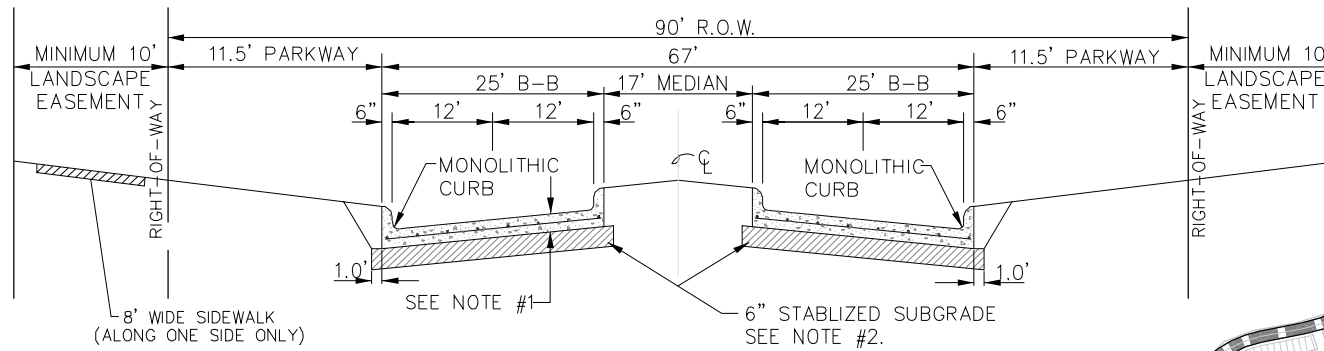
Valencia on the Lake
Summary - 2021 Bond: 3B and 2B-1

Phase 3B - Beazer	Amount
Water Improvements	256,530
Sanitary Improvements	1,847,782
Storm Improvements	108,561
Paving Improvements	1,163,279
Engineering Improvements	98,640
City Fees	36,534
	<u>3,511,326</u>

Phase 2B-1 - MM Valencia	
Water Improvements	267,193
Sanitary Improvements	321,450
Storm Improvements	220,898
Onsite Paving Improvements	1,792,042
Engineering Improvements	293,899
	<u>2,895,482</u>

Combined	
Utility Improvements	1,066,070
Paving Improvements	2,955,321
ROW Acquisition	-
Engineering Improvements	392,539
City Fees	36,534
Total	<u>4,450,464</u>

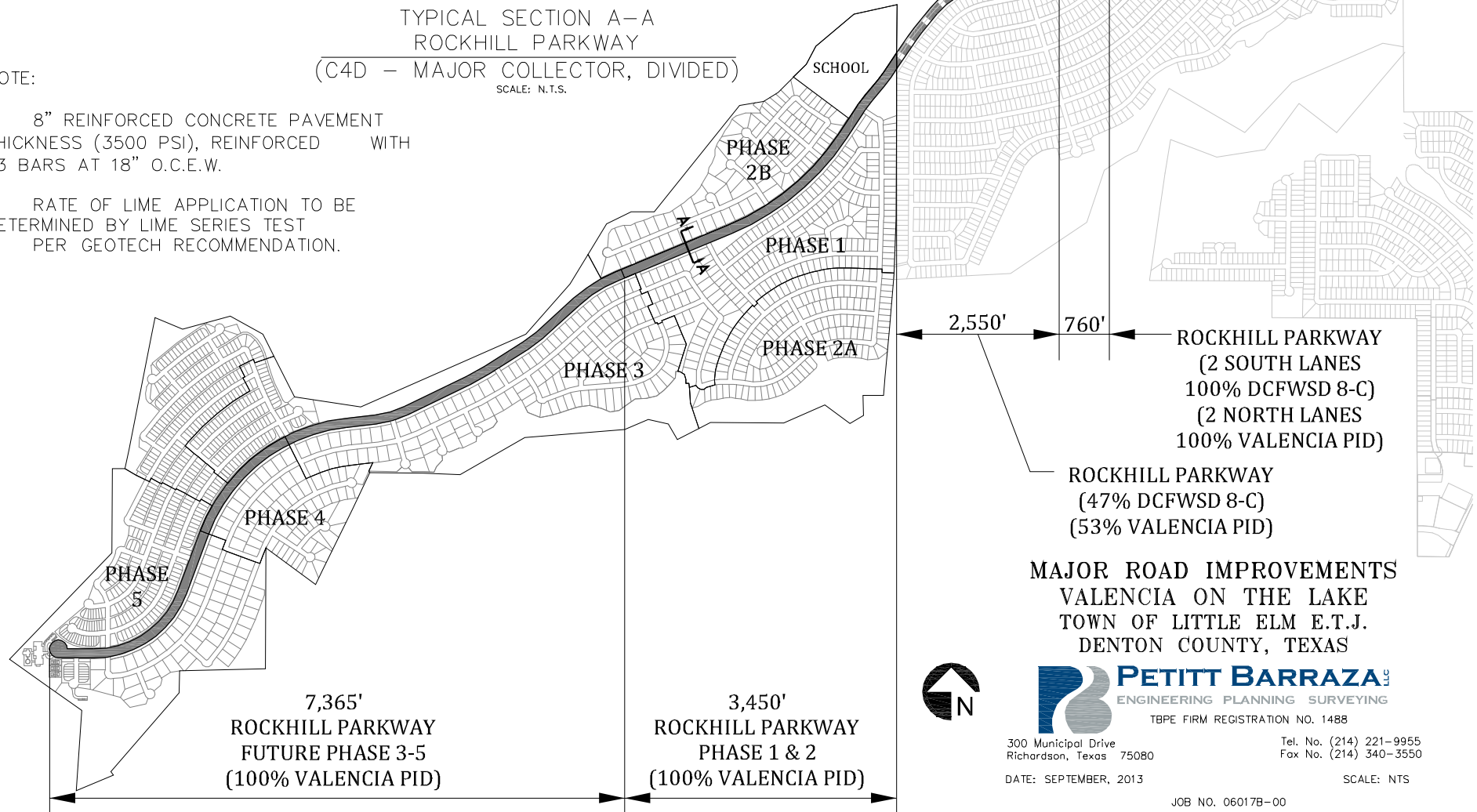
APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



TYPICAL SECTION A-A
ROCKHILL PARKWAY
(C4D - MAJOR COLLECTOR, DIVIDED)
SCALE: N.T.S.

NOTE:

1. 8" REINFORCED CONCRETE PAVEMENT THICKNESS (3500 PSI), REINFORCED WITH #3 BARS AT 18" O.C.E.W.
2. RATE OF LIME APPLICATION TO BE DETERMINED BY LIME SERIES TEST PER GEOTECH RECOMMENDATION.



PETITT BARRAZA
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488

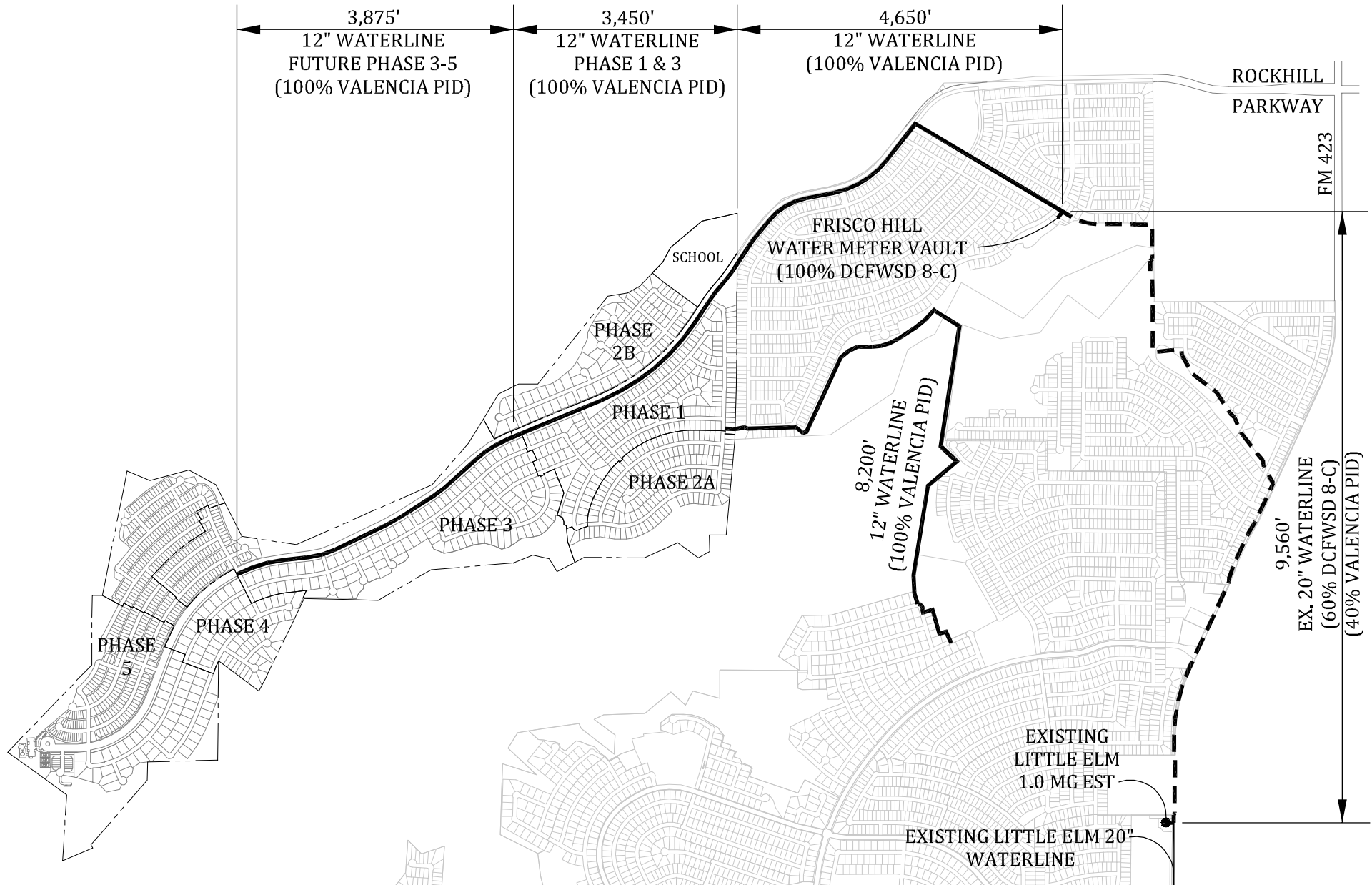
300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: NTS

JOB NO. 06017B-00



**MAJOR WATER IMPROVEMENTS
VALENCIA ON THE LAKE
TOWN OF LITTLE ELM E.T.J.
DENTON COUNTY, TEXAS**



PETITT BARRAZA^{LLC}
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488

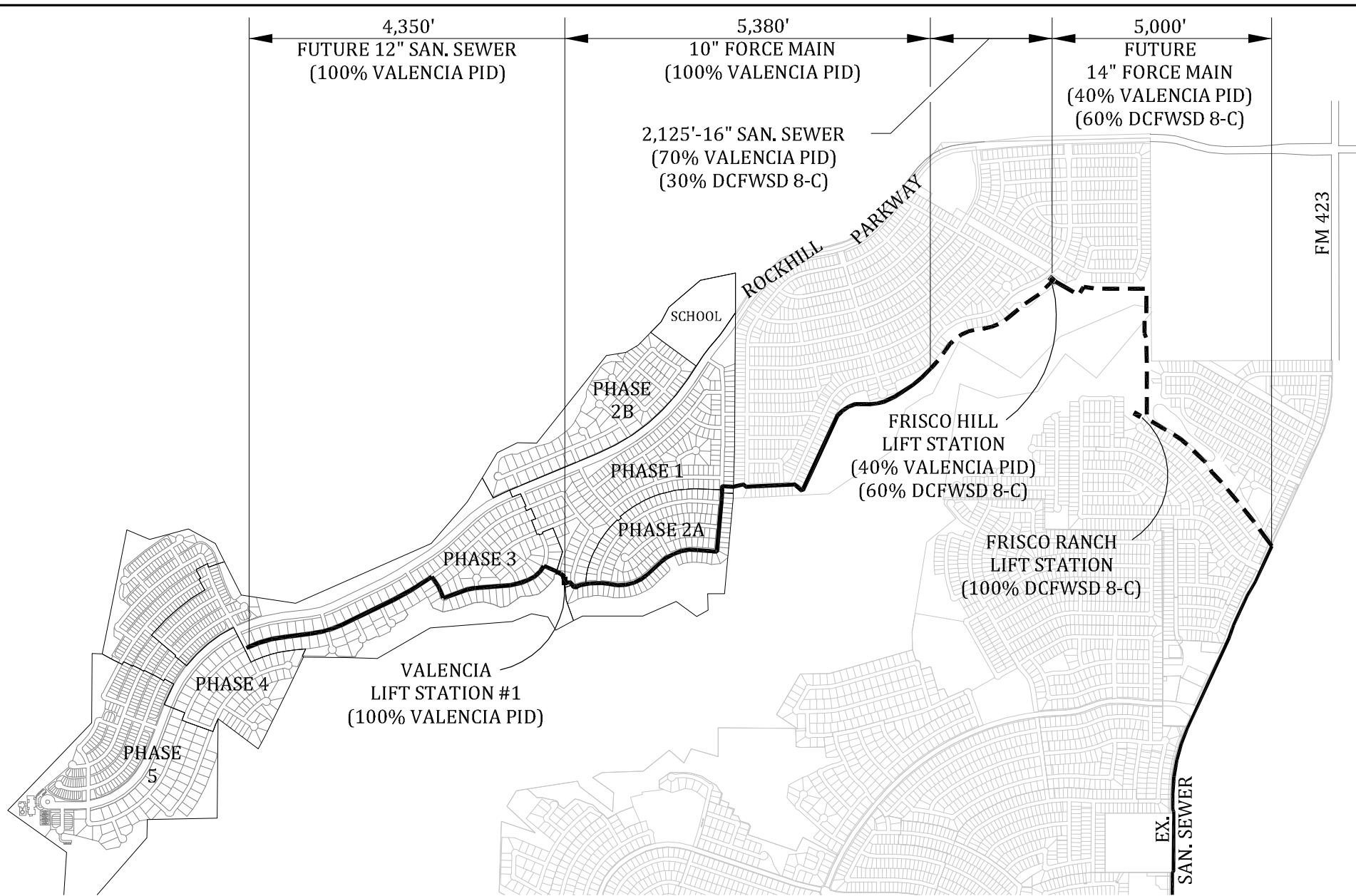
300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: NTS

JOB NO. 06017B-00



MAJOR SANITARY SEWER
IMPROVEMENTS
VALENCIA ON THE LAKE
TOWN OF LITTLE ELM E.T.J.
DENTON COUNTY, TEXAS



PETITT BARRAZA LLC
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488

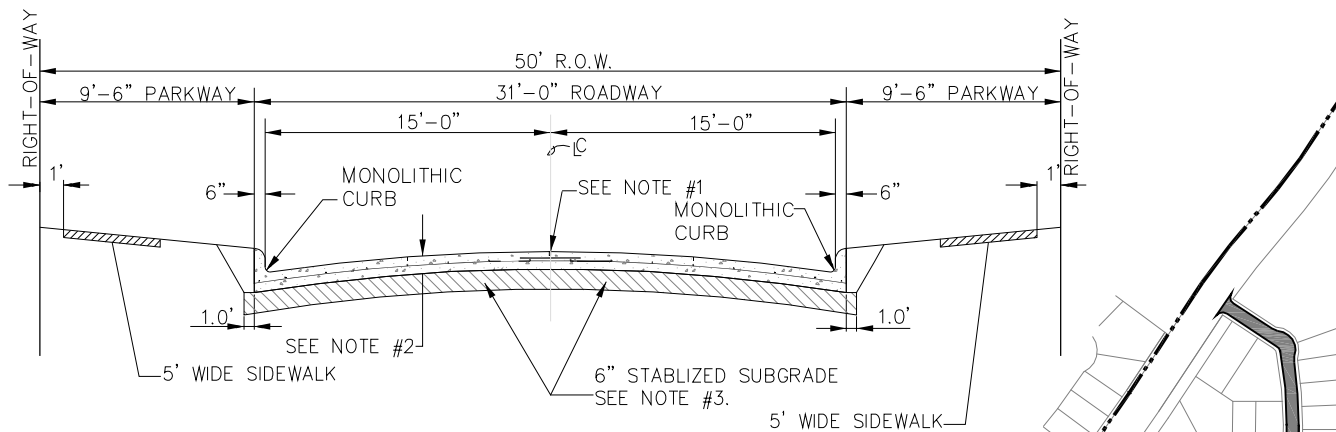
300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: NTS

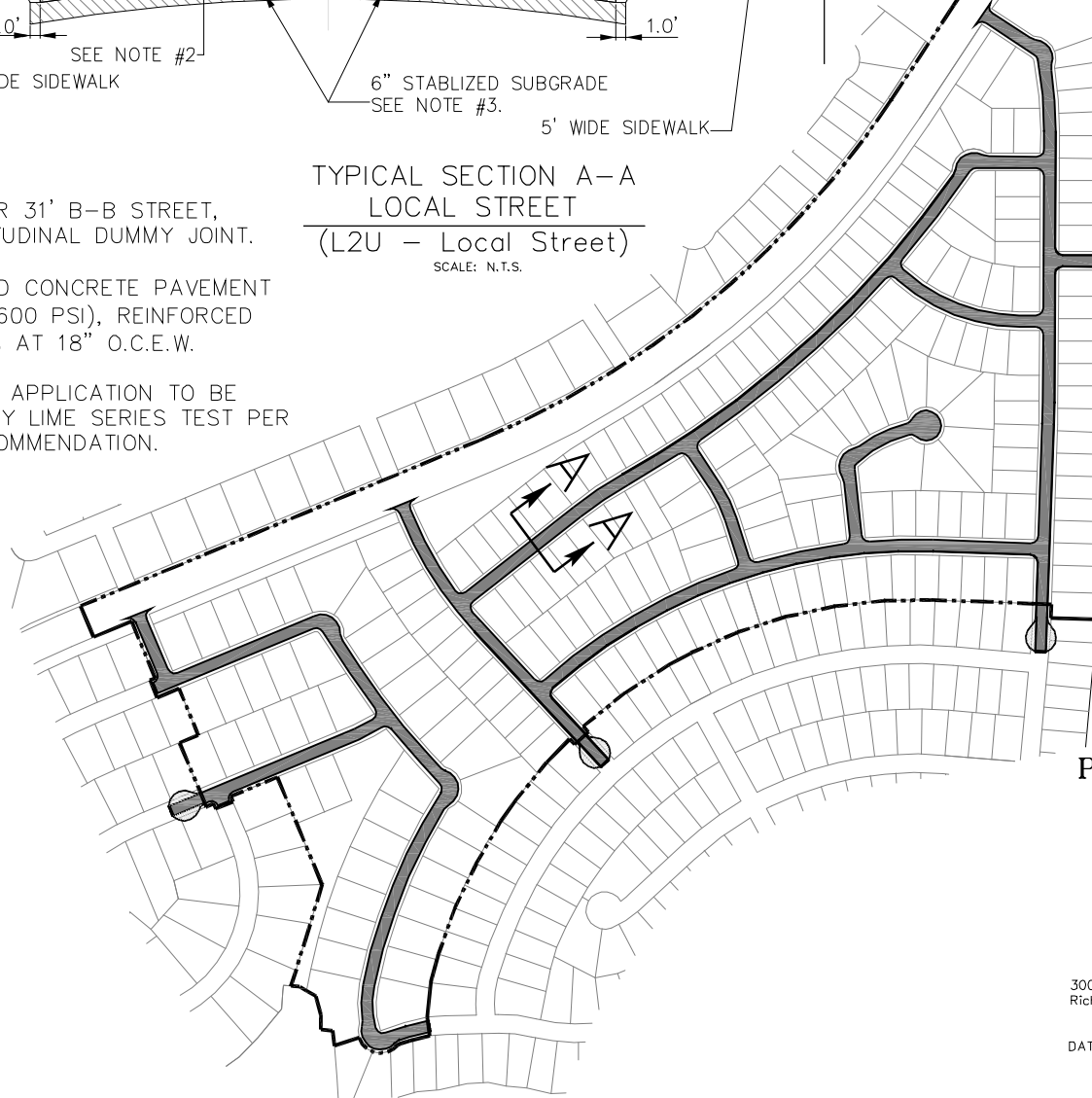
JOB NO. 06017B-00



NOTE:

1. 5" CROWN FOR 31' B-B STREET, SAWED LONGITUDINAL DUMMY JOINT.
2. 6" REINFORCED CONCRETE PAVEMENT THICKNESS (3600 PSI), REINFORCED WITH #3 BARS AT 18" O.C.E.W.
3. RATE OF LIME APPLICATION TO BE DETERMINED BY LIME SERIES TEST PER GEOTECH RECOMMENDATION.

TYPICAL SECTION A-A
LOCAL STREET
(L2U - Local Street)
SCALE: N.T.S.



PRELIMINARY
PHASE 1 ROAD IMPROVEMENTS
VALENCIA ON THE LAKE
TOWN OF LITTLE ELM E.T.J.
DENTON COUNTY, TEXAS



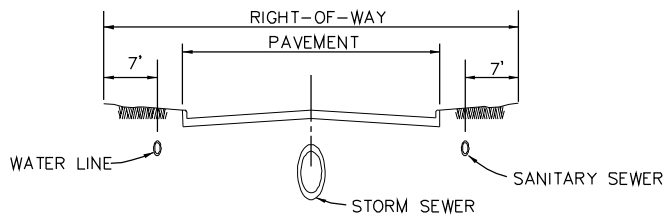
300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: 1"=500'

JOB NO. 06017B-00



TYPICAL UTILITY LOCATION
N.T.S.



LEGEND



PROPOSED FIRE HYDRANT



PROPOSED WATER LINE

PRELIMINARY PHASE 1 WATER IMPROVEMENTS VALENCIA ON THE LAKE TOWN OF LITTLE ELM E.T.J. DENTON COUNTY, TEXAS



TBPE FIRM REGISTRATION NO. 1488

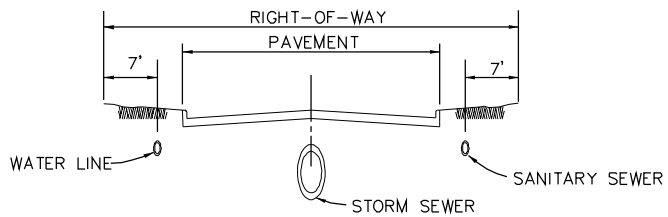
300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: 1"=500'

JOB NO. 06017B-00

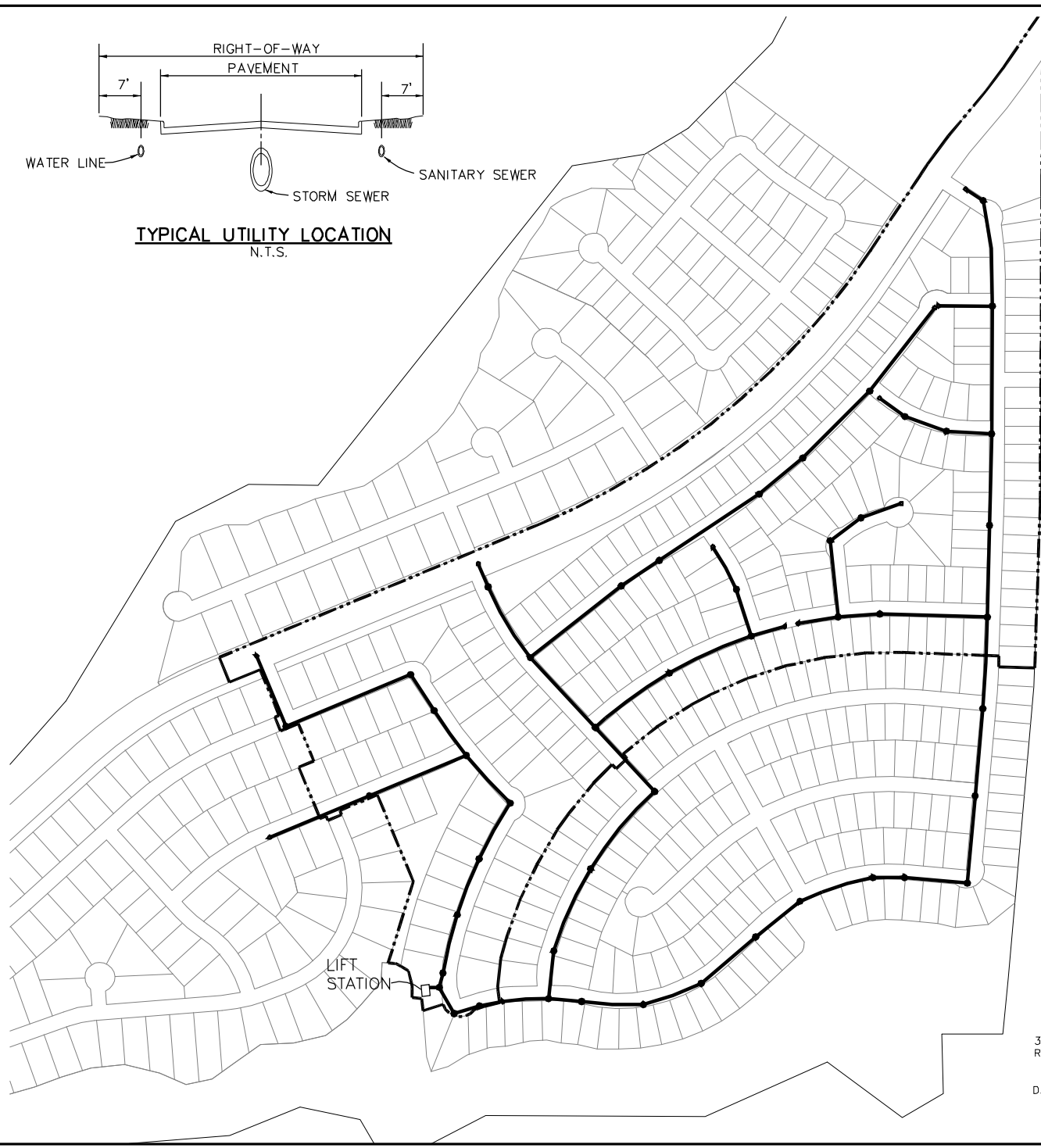


TYPICAL UTILITY LOCATION
N.T.S.



LEGEND

- PROPOSED MANHOLE
- PROPOSED SANITARY SEWER
- PROPOSED CLEANOUT



PRELIMINARY PHASE 1 SANITARY IMPROVEMENTS VALENCIA ON THE LAKE TOWN OF LITTLE ELM E.T.J. DENTON COUNTY, TEXAS



300 Municipal Drive
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: SEPTEMBER, 2013

SCALE: 1"=500'

JOB NO. 06017B-00

Legend

Steel Reinforced
Concrete Paving

Phase 2B-1

Phase 2B-2

Phase 1

Rockhill Parkway

Paving Improvements

VALENCIA ON THE LAKE PHASE 2B-1
TOWN OF LITTLE ELM ETJ, DENTON COUNTY, TEXAS

Legend

8-Inch PVC Pipe



Fire Hydrant

Phase 2B-1

Phase 2B-2

Phase 1

Rockhill Parkway

Water Improvements

VALENCIA ON THE LAKE PHASE 2B-1
TOWN OF LITTLE ELM ETJ, DENTON COUNTY, TEXAS

Legend

- 8-Inch PVC Pipe
- Concrete Manhole

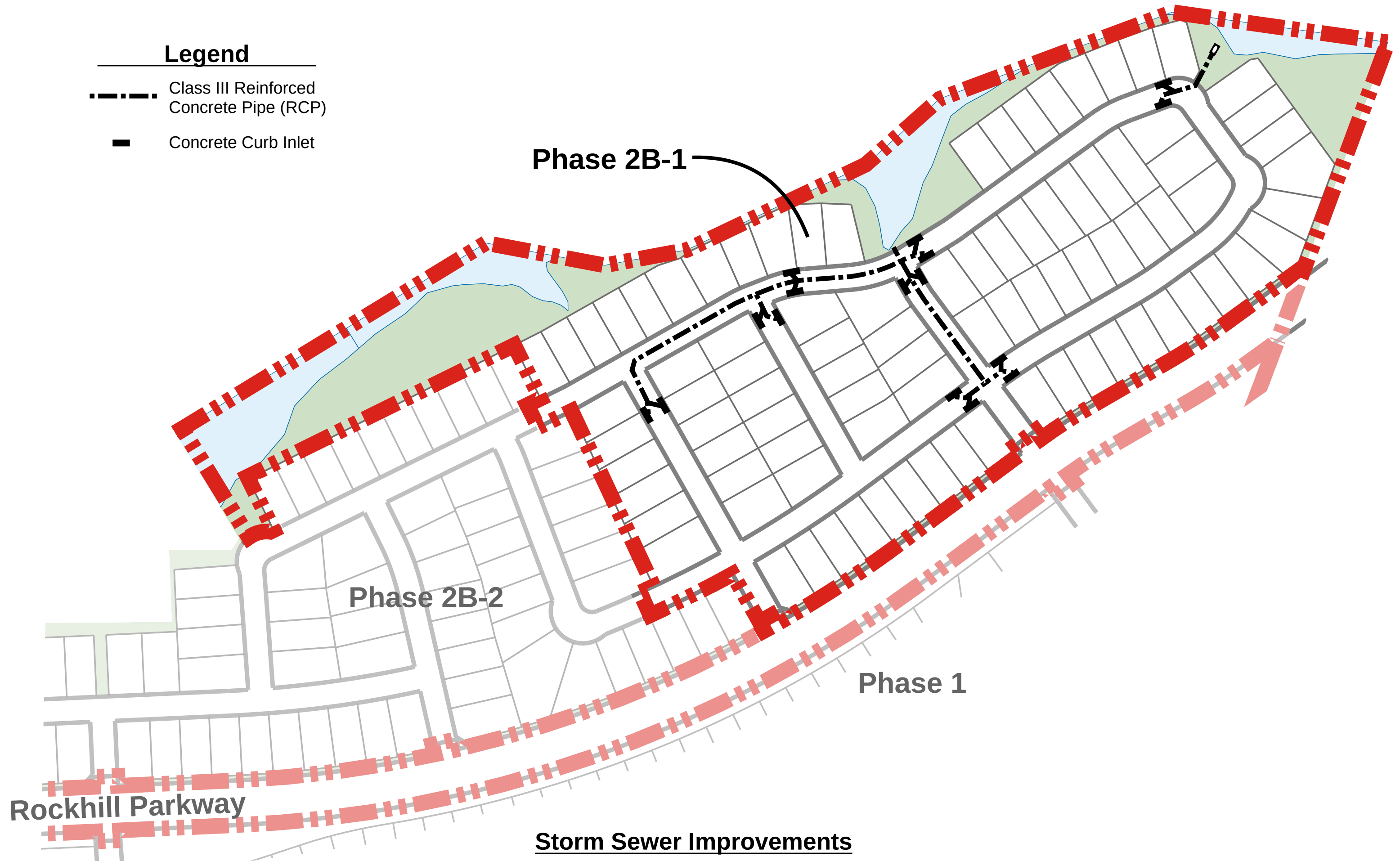


Wastewater Improvements

Legend

--- Class III Reinforced
Concrete Pipe (RCP)

— Concrete Curb Inlet





Legend

Steel Reinforced
Concrete Paving

Phase 3A

Phase 3B

Rockhill Parkway

Paving Improvements

Phase 3B

Legend

- 8-Inch PVC Pipe
- Fire Hydrant

Phase 3A

Rockhill Parkway

Water Improvements

VALENCIA ON THE LAKE PHASE 3B
TOWN OF LITTLE ELM ETJ, DENTON COUNTY, TEXAS



Wastewater Improvements



Storm Sewer Improvements

APPENDIX D
HOMEBUYER DISCLOSURE

AFTER RECORDING RETURN TO:

_____]¹

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOWN OF LITTLE ELM TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas (the "Town"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Valencia 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 Town. The exact amount of each annual installment will be approved each year by the Town Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the Town.

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 Denton County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

STATE OF TEXAS §
 §
COUNTY OF DENTON §

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 Denton 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 DENTON

§

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 Denton County.

APPENDIX E
LOT TYPES, EQUIVALENT UNITS, AND ASSESSMENT PER UNIT

Appendix E

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of three Lot Types.

“Lot Type 1” means lots identified as such on the Assessment Roll, being lots with 10,000 square feet size and a minimum lot width of 80 feet measured at front building line, which may be referred to as such in the development standards.

“Lot Type 2” means lots identified as such on the Assessment Roll, being lots with 8,400 square feet size and a minimum lot width of 70 feet measured at front building line, which may be referred to as such in the development standards.

“Lot Type 3” means lots identified as such on the Assessment Roll, being lots with 7,200 square feet size and a minimum lot width of 60 feet measured at front building line, which may be referred to as such in the development standards.

“Lot Type 4” means lots identified as such on the Assessment Roll, being lots with 5,000 square feet size and a minimum lot width of 50 feet measured at front building line, which may be referred to as such in the development standards.

“Lot Type 5” means lots identified as such on the Assessment Roll, being lots with 4,000 square feet size and a minimum lot width of 40 feet measured at front building line, which may be referred to as such in the development standards.

“Lot Type 6” means lots identified as such on the Assessment Roll, being lots with 2,500 square feet size and a minimum lot width of 25 feet measured at front building line, which may be referred to as such in the development standards.

A) Proposed Development

Table E-1 shows the proposed residential units to be developed within the PID.

Table E-1
Proposed Development within the PID - Original

Lot Type	Description	Proposed Development	
Lot Type 1	100 Ft Lots	164	Units
Lot Type 2	80 Ft Lots	163	Units
Lot Type 3	60 Ft Lots	409	Units
Lot Type 4	40 Ft Lots	450	Units
Lot Type 5	25 Ft Lots	53	Units
Total		1,239	Units

Table E-2 shows the 2018 revised proposed residential Lot Types within the PID.

Table E-2
Proposed Development within the PID – 2018 Revised

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	181	Units
Lot Type 2	70 Ft Lots	154	Units
Lot Type 3	60 Ft Lots	501	Units
Lot Type 4	50 Ft Lots	43	Units
Lot Type 5	40 Ft Lots	386	Units
Lot Type 6	25 Ft Lots	44	Units
Total		1,309	Units

Table E-3 shows the 2021 revised proposed residential Lot Types within the PID.

Table E-3
Proposed Development within the PID – 2021 Revised

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	41	Units
Lot Type 2	70 Ft Lots	-	Units
Lot Type 3	60 Ft Lots	608	Units
Lot Type 4	50 Ft Lots	381	Units
Lot Type 5	40 Ft Lots	386	Units
Lot Type 6	25 Ft Lots	-	Units
Total		1,416	Units

Table E-4 shows the revised total residential Lot Types within Phase #1.

Table E-4
Proposed Development – Phase #1 - Original

Lot Type	Description	Proposed Development	
Lot Type 2	80 Ft Lots	41	Units
Lot Type 3	60 Ft Lots	168	Units
Total		209	Units

Table E-5 shows the revised total residential Lot Types within Phase #1.

Table E-5
Proposed Development – Phase #1 - Revised

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	41	Units
Lot Type 3	60 Ft Lots	169	Units
Total		210	Units

Table E-6 shows the original proposed residential Lot Types within the Major Improvement Area (subphases #2B-1, #2B-2 #3B, #4, #4B, and #4C) and Improvement Area #2 (subphases #2A, #3A and #3C).

Table E-6
Proposed Development
Major Improvement Area and Improvement Area #2 - Original

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	164	Units
Lot Type 2	70 Ft Lots	122	Units
Lot Type 3	60 Ft Lots	241	Units
Lot Type 4	50 Ft Lots	450	Units
Lot Type 5	40 Ft Lots	53	Units
Total		1,030	Units

Table E-7 shows the 2018 revised proposed residential Lot Types within the Major Improvement Area (subphases #2B-1, #2B-2 #3B, #4, #4B, and #4C) and Improvement Area #2 (subphases #2A, #3A and #3C).

Table E-7
Proposed Development
Major Improvement Area and Improvement Area #2 – 2018 Revised

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	140	Units
Lot Type 2	70 Ft Lots	154	Units
Lot Type 3	60 Ft Lots	332	Units
Lot Type 4	50 Ft Lots	43	Units
Lot Type 5	40 Ft Lots	386	Units
Lot Type 6	25 Ft Lots	44	Units
Total		1,099	Units

Table E-8 shows the 2021 revised proposed residential Lot Types within the Major Improvement Area (subphases #2B-1, #2B-2 #3B, #4, #4B, and #4C) excluding Improvement Area #2 (subphases #2A, #3A and #3C).

Table E-8
Proposed Development
Major Improvement Area (Excluding Improvement Area #2) – 2021 Revised

Lot Type	Description	Proposed Development	
Lot Type 1	80 Ft Lots	-	Units
Lot Type 2	70 Ft Lots	-	Units
Lot Type 3	60 Ft Lots	285	Units
Lot Type 4	50 Ft Lots	359	Units
Lot Type 5	40 Ft Lots	118	Units
Lot Type 6	25 Ft Lots	-	Units
Total		762	Units

Table E-9 shows the proposed residential Lot Types within Improvement Area #2 (subphases #2A, #3A and #3C).

Table E-9
Proposed Development – Improvement Area #2

Lot Type	Description	Proposed Development	
Lot Type 3	60 Ft Lots	154	Units
Lot Type 4	50 Ft Lots	22	Units
Lot Type 5	40 Ft Lots	268	Units
Total		444	Units

Table E-10 shows the proposed residential Lot Types within Phase #3B.

Table E-10
Proposed Development – Phase #3B

Lot Type	Description	Proposed Development	
Lot Type 4	50 Ft Lots	21	Units
Lot Type 5	40 Ft Lots	118	Units
Total		139	Units

Table E-11 shows the proposed residential Lot Types within Phase #2B-1.

Table E-11
Proposed Development – Phase #2B-1

Lot Type	Description	Proposed Development	
Lot Type 3	60 Ft Lots	89	Units
Total		89	Units

B) Calculation of Equivalent Units

As explained under Section V-C, for purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the Authorized Improvements shall be allocated to the parcel of Assessed Property receiving benefit from such Authorized Improvements by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the Town Council has determined that the Assessments shall be allocated to the Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In determining the average home value of each Lot Type, the Town Council has taken into consideration (i) the type of lots (i.e., 100 Ft, 80 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the Town Council has determined that allocating the Assessments among Parcels of Assessed Property based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. The original classifications (from Lot Type 1 (100 Ft Lots) representing the highest value to Lot Type 5 (25 Ft Lot) representing the lowest value for residential lots). Originally, the Assessments were allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (100 Ft Lots) to 1.0.

Table E-12 shows the original Equivalent Unit Factors within the PID.

Table E-12
Equivalent Unit Factors - Original

Lot Type	Estimated Average Unit Value	Equivalent Unit Factor
Lot Type 1 (100 ft Lots)	\$450,000	1.00 per dwelling unit
Lot Type 2 (80 ft Lots)	\$350,000	0.78 per dwelling unit
Lot Type 3 (60 ft Lots)	\$300,000	0.67 per dwelling unit
Lot Type 4 (40 ft Lots)	\$240,000	0.53 per dwelling unit
Lot Type 5 (25 ft Lots)	\$175,000	0.39 per dwelling unit

In light of changes to the development process and per request from the Developer, the lot type classifications described above have been updated by the Town Council. These classifications (from Lot Type 1 (80 Ft Lots) representing the highest value to Lot Type 6 (25 Ft Lot) representing the lowest value for residential lots).

Table E-13 shows the revised Equivalent Unit Factors within the PID.

Table E-13
Equivalent Unit Factors - Revised

Lot Type	Estimated Average Unit Value¹	Equivalent Unit Factor
Lot Type 1 (80 Ft Lots)	\$370,000	1.00 per dwelling unit
Lot Type 2 (70 Ft Lots)	\$340,000	0.92 per dwelling unit
Lot Type 3 (60 Ft Lots)	\$300,000	0.81 per dwelling unit
Lot Type 4 (50 Ft Lots)	\$280,000	0.76 per dwelling unit
Lot Type 5 (40 Ft Lots)	\$240,000	0.65 per dwelling unit
Lot Type 6 (25 Ft Lots)	\$175,000	0.47 per dwelling unit

¹Based on projected average home values at the time Equivalent Units were calculated.

The original total estimated Equivalent Units for Phase #1 are shown in Table E-14 as calculated based on the Equivalent Unit factors shown in Table E-12, estimated Lot Types and number of units estimated to be built within Phase #1.

Table E-14
Estimated Equivalent Units
Phase #1 - Original

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 2 (80 ft Lots)	41	0.78	31.98
Lot Type 3 (60 ft Lots)	168	0.67	112.56
Total Equivalent Units	209		144.54

The revised total estimated Equivalent Units for Phase #1 are shown in Table E-15 as calculated based on the Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within Phase #1.

Table E-15
Estimated Equivalent Units
Phase #1 - Revised

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (80 ft Lots)	41	1.00	41.00
Lot Type 3 (60 ft Lots)	169	0.81	136.89
Total Equivalent Units	210		177.89

The original total estimated Equivalent Units for the Major Improvement Area and Improvement Area #2 is shown in Table E-16 as calculated based on the original Equivalent Unit factors shown in Table E-12, estimated Lot Types and number of units estimated to be built within the Major Improvement Area and Improvement Area #2.

Table E-16
Estimated Equivalent Units
Major Improvement Area and Improvement Area #2 - Original

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (100 ft Lots)	164	1.00	164.00
Lot Type 2 (80 ft Lots)	122	0.78	95.16
Lot Type 3 (60 ft Lots)	241	0.67	161.47
Lot Type 4 (40 ft Lots)	450	0.53	238.50
Lot Type 5 (25 ft Lots)	53	0.39	20.67
Total Equivalent Units	1,030		679.80

The revised estimated Equivalent Units for the Major Improvement Area and Improvement Area #2 is shown in Table E-17 as calculated based on the revised Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within the Major Improvement Area and Improvement Area #2.

Table E-17
Estimated Equivalent Units
Major Improvement Area and Improvement Area #2 - Revised

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (80 ft Lots)	140	1.00	140.00
Lot Type 2 (70 ft Lots)	154	0.92	141.68
Lot Type 3 (60 ft Lots)	332	0.81	268.92
Lot Type 4 (50 ft Lots)	43	0.76	32.68
Lot Type 5 (40 ft Lots)	386	0.65	250.90
Lot Type 6 (25 ft Lots)	44	0.47	20.68
Total Equivalent Units	1,099		854.86

The 2021 revised estimated Equivalent Units for the Major Improvement Area (Excluding Improvement Area #2) is shown in Table E-18 as calculated based on the revised Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within the Major Improvement Area (Excluding Improvement Area #2).

Table E-18
Estimated Equivalent Units
Major Improvement Area (Excluding Improvement Area #2)

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (80 ft Lots)	0	1.00	0.00
Lot Type 2 (70 ft Lots)	0	0.92	0.00
Lot Type 3 (60 ft Lots)	285	0.81	230.85
Lot Type 4 (50 ft Lots)	359	0.76	272.84
Lot Type 5 (40 ft Lots)	118	0.65	76.70
Lot Type 6 (25 ft Lots)	0	0.47	0.00
Total Equivalent Units	762		580.39

The total estimated Equivalent Units for Improvement Area #2 are shown in Table E-19 as calculated based on the revised Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within Improvement Area #2.

Table E-19
Estimated Equivalent Units
Improvement Area #2

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 3 (60 ft Lots)	154	0.81	124.74
Lot Type 4 (50 ft Lots)	22	0.76	16.72
Lot Type 5 (40 ft Lots)	268	0.65	174.20
Total Equivalent Units	444		315.66

The total estimated Equivalent Units for Phase #3B are shown in Table E-20 as calculated based on the revised Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within Phase #3B.

Table E-20
Estimated Equivalent Units
Phase #3B

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 4 (50 ft Lots)	21	0.76	15.96
Lot Type 5 (40 ft Lots)	118	0.65	76.70
Total Equivalent Units	139		92.66

The total estimated Equivalent Units for Phase #2B-1 are shown in Table E-21 as calculated based on the revised Equivalent Unit factors shown in Table E-13, estimated Lot Types and number of units estimated to be built within Phase #2B-1.

Table E-21
Estimated Equivalent Units
Phase #2B-1

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 3 (60 ft Lots)	89	0.81	72.09
Total Equivalent Units	89		72.09

C) Initial Allocation of Assessments to Lots within the Major Improvement Area and Improvement Area #2

As shown in Section IV of this Service and Assessment Plan, the total amount of the Series 2014 Major Improvement Bonds, which represents the total Assessment allocated to all Parcels in the Major Improvement Area Assessed Property and Improvement Area #2 Assessed Property, is \$12,240,000. As shown in Table E-16, there were a total of 679.80 estimated Equivalent Units, resulting in an original Assessment per Equivalent Unit of \$18,005.30.

The original Assessment per dwelling unit or acre is calculated as the product of (i) \$18,005.30 multiplied by (ii) the applicable original Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 1 (100 Ft Lot) dwelling unit is \$18,005.30 (i.e. $\$18,005.30 \times 1.00$). The Assessment for a Lot Type 2 (80 Ft Lot) dwelling unit is \$14,044.13 (i.e. $\$18,005.30 \times 0.78$). Table E-22 sets forth the original Assessment per dwelling unit for each of the Lot Types in the Major Improvement Area and Improvement Area #2.

Table E-22
Assessment Per Unit
Major Improvement Area and Improvement Area #2 - Original

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1 (100 ft Lots)	164	\$18,005.30	1.00	\$18,005.30 per dwelling unit	\$2,952,868
Lot Type 2 (80 ft Lots)	122	\$18,005.30	0.78	\$14,044.13 per dwelling unit	\$1,713,384
Lot Type 3 (60 ft Lots)	241	\$18,005.30	0.67	\$12,063.55 per dwelling unit	\$2,907,315
Lot Type 4 (40 ft Lots)	450	\$18,005.30	0.53	\$9,542.81 per dwelling unit	\$4,294,263
Lot Type 5 (25 ft Lots)	53	\$18,005.30	0.39	\$7,022.07 per dwelling unit	\$372,169
Total	1,030				\$12,240,000

D) Revised (2018) Allocation of Assessments to Lot Types in Major Improvement Area and Improvement Area #2

According to the Developer and as described in the 2016 Annual Service Plan Update approved by the Town Council, The development plan changed as provided in the revised proposed development plan. As shown in Table E-17, there are a total of 854.86 estimated Equivalent Units in Major Improvement Area and Improvement Area #2, resulting in a revised Assessment per Equivalent Unit of \$14,318.13.

The Assessment per dwelling unit or acre is recalculated as the product of (i) \$14,318.13 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 1 (80 Ft Lot) dwelling unit is \$14,318.13 (i.e. \$14,318.13 × 1.00). The Assessment for a Lot Type 2 (70 Ft Lot) dwelling unit is \$14,044.13 (i.e. \$14,318.13 × 0.92). Table E-23 sets forth the revised Assessment per dwelling unit for each of the Lot Types in the Major Improvement Area and Improvement Area #2.

Table E-23
Assessment Per Unit
Major Improvement Area and Improvement Area #2- Revised 2018

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1 (80 ft Lots)	140	\$14,318.13	1.00	\$14,318.13 per dwelling unit	\$2,004,539
Lot Type 2 (70 ft Lots)	154	\$14,318.13	0.92	\$13,172.68 per dwelling unit	\$2,028,593
Lot Type 3 (60 ft Lots)	332	\$14,318.13	0.81	\$11,597.69 per dwelling unit	\$3,850,433
Lot Type 4 (50 ft Lots)	43	\$14,318.13	0.76	\$10,881.78 per dwelling unit	\$467,917
Lot Type 5 (40 ft Lots)	386	\$14,318.13	0.65	\$9,306.79 per dwelling unit	\$3,592,420
Lot Type 6 (25 ft Lots)	44	\$14,318.13	0.47	\$6,729.52 per dwelling unit	\$296,099
Total	1,099				\$12,240,000

E) Revised (2021) Allocation of Assessments to Lot Types in Major Improvement Area

The development plan within the Major Improvement Area has changed as shown in Table E-18 and, a result, there are currently a total of 580.39 estimated Equivalent Units projected to be developed within Major Improvement Area. The original total Assessment for the Major Improvement Area was \$6,606,695, resulting in a revised Assessment per Equivalent Unit of \$11,383.72.

The Assessment per dwelling unit or acre is recalculated as the product of (i) \$11,383.72 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 1 (80 Ft Lot) dwelling unit is \$11,383.72 (i.e. \$11,383.72 × 1.00). The Assessment for a Lot Type 2 (70 Ft Lot) dwelling unit is \$10,473.02 (i.e. \$11,383.72 × 0.92). Table E-24 sets forth the revised Assessment per dwelling unit for each of the Lot Types in the Major Improvement Area (Excluding Improvement Area #2).

Table E-24
Assessment Per Unit
Major Improvement Area – Revised 2021

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Original Assessments (2018)
Lot Type 1 (80 ft Lots)	0	\$11,383.72	1.00	\$11,383.72 per dwelling unit	\$0
Lot Type 2 (70 ft Lots)	0	\$11,383.72	0.92	\$10,473.02 per dwelling unit	\$0
Lot Type 3 (60 ft Lots)	285	\$11,383.72	0.81	\$9,220.81 per dwelling unit	\$2,627,931
Lot Type 4 (50 ft Lots)	359	\$11,383.72	0.76	\$8,651.62 per dwelling unit	\$3,105,933
Lot Type 5 (40 ft Lots)	118	\$11,383.72	0.65	\$7,399.42 per dwelling unit	\$873,131
Lot Type 6 (25 ft Lots)	0	\$11,383.72	0.47	\$5,350.35 per dwelling unit	\$0
Total	762				\$6,606,995

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-25.

Table E-25
Projected Leverage
Major Improvement Area – Revised 2021

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment per unit ²	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (80 ft Lots)	-	-	-	-	-	-
Lot Type 2 (70 ft Lots)	-	-	-	-	-	-
Lot Type 3 (60 ft Lots)	285	\$72,000	\$384,000	\$9,220.81	7.81	41.64
Lot Type 4 (50 ft Lots)	359	\$53,000	\$373,000	\$8,651.62	6.13	43.11
Lot Type 5 (40 ft Lots)	118	\$42,000	\$343,000	\$7,399.42	5.68	46.36
Lot Type 6 (25 ft Lots)	-	-	-	-	-	-

¹Based on information provided by the Developer as of 11/09/21 for Improvement Area #3 (Phases #3B and Phase #2B-1)

²As calculated in Table E-24.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table E-26.

Table E-26
Estimated Tax Rate Equivalent per Unit
Major Improvement Area – Revised 2021

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Projected Average Annual Installment per unit ²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (80 ft Lots)	-	-	-	-	-	-
Lot Type 2 (70 ft Lots)	-	-	-	-	-	-
Lot Type 3 (60 ft Lots)	285	\$72,000	\$384,000	\$868.19	\$1.21	\$0.23
Lot Type 4 (50 ft Lots)	359	\$53,000	\$373,000	\$814.60	\$1.54	\$0.22
Lot Type 5 (40 ft Lots)	118	\$42,000	\$343,000	\$696.70	\$1.66	\$0.20
Lot Type 6 (25 ft Lots)	-	-	-	-	-	-

¹ Based on information provided by the Developer as of 11/09/21 for Improvement Area #3 (Phases #3B and Phase #2B-1)

² Represents the average outstanding Annual Installment for 2022 through 2048.

F) Initial Allocation of Assessments to Lot Types in Phase #1

As shown in Section IV of this Service and Assessment Plan, the total amount of the Series 2014 Phase #1 Bonds and the Phase #1 Reimbursement Agreement, which represents the total original Assessment allocated on all Parcels within Phase #1, is \$7,435,000. As shown in Table E-14, the original estimated Equivalent Units in Phase #1 was 144.54, resulting in an original Assessment per Equivalent Unit of \$51,439.05.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$51,439.05 multiplied by (ii) the applicable original Equivalent Unit value for each Lot Type, as described in Table E-12. For example, the Assessment for a Lot Type 2 (80 Ft Lot) dwelling unit is \$40,122.46 (i.e., $\$51,439.05 \times 0.78$). The Assessment for a Lot Type 3 (60 Ft Lot) dwelling unit is \$34,464.16 (i.e., $\$51,439.05 \times 0.67$). Table E-27 sets forth the Assessment per dwelling unit for each of the Lot Types in Phase #1.

Table E-27
Assessment Per Unit
Phase #1 - Original

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 2 (80 ft Lots)	41	\$51,439.05	0.78	\$40,122.46 per dwelling unit	\$1,645,021
Lot Type 3 (60 ft Lots)	168	\$51,439.05	0.67	\$34,464.16 per dwelling unit	\$5,789,979
Total	209				\$7,435,000

G) Revised Allocation of Assessments to Lot Types in Phase #1

According to the Developer and as described in the 2016 Annual Service Plan Updates approved by the Town Council, the development plan has been revised. As shown in Table E-15, there are a total of 177.89 estimated Equivalent Units in Phase #1, resulting in a revised Assessment per Equivalent Unit of \$41,795.49.

The revised original Assessment per dwelling unit or acre is calculated as the product of (i) \$41,795.49 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-19. For example, the Assessment for a Lot Type 1 (80 Ft Lot) dwelling unit is \$41,795.49 (i.e. \$41,795.49 $\times$ 1.00). The Assessment for a Lot Type 3 (60 Ft Lot) dwelling unit is \$33,854.35 (i.e. \$41,795.49 $\times$ 0.81). Table E-28 sets forth the revised original Assessment per dwelling unit for each of the Lot Types in Phase #1.

Table E-28
Assessment Per Unit
Phase #1 - Revised

Type	Planned No. of Units	Assessment		Assessment per Unit	Total Assessments
		per Equivalent Unit	Equivalent Unit Factor		
Lot Type 1 (80 ft Lots)	41	\$41,795.49	1.00	\$41,795.49 per dwelling unit	\$1,713,615
Lot Type 3 (60 ft Lots)	169	\$41,795.49	0.81	\$33,854.35 per dwelling unit	\$5,721,385
Total	210				\$7,435,000

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-29.

Table E-29
Projected Leverage
Phase #1

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (80 ft Lots)	41	\$80,000	\$400,000	\$41,795	1.91	9.57
Lot Type 3 (60 ft Lots)	169	\$70,000	\$350,000	\$33,854	2.07	10.34

¹Provided by the Developer as of 11/09/21.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table E-30.

Table E-30
Estimated Tax Rate Equivalent per Unit
Phase #1

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Projected Average Annual Installment per unit ²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (80 ft Lots)	41	\$80,000	\$400,000	\$3,230	\$4.0369	\$0.8074
Lot Type 3 (60 ft Lots)	169	\$70,000	\$350,000	\$2,616	\$3.7371	\$0.7474

¹Provided by the Developer as of 11/09/21.

²Represents the average outstanding Annual Installment.

H) Allocation of Assessments to Lot Types in Improvement Area #2

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #2 Refunding and Improvement Bonds, which represents the total original Assessment allocated on all Parcels within Improvement Area #2, is \$12,537,928. As shown in Table E-19, there are a total of 315.56 estimated Equivalent Units in Improvement Area #2, resulting in an original Assessment per Equivalent Unit of \$39,719.72.

The original Assessment per dwelling unit or acre is calculated as the product of (i) \$39,719.72 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 3 (60 Ft Lot) dwelling unit is \$32,172.98 (i.e., $\$39,719.72 \times 0.81$). The Assessment for a Lot Type 4 (50 Ft Lot) dwelling unit is \$30,186.99 (i.e., $\$39,719.72 \times 0.76$). The Assessment for a Lot Type 5 (40 Ft Lot) dwelling unit is \$25,817.82 (i.e., $\$39,719.72 \times 0.65$). Table E-31 sets forth the Assessment per dwelling unit for each of the Lot Types in Improvement Area #2.

Table E-31
Assessment Per Unit
Improvement Area #2

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 3 (60 ft Lots)	154	\$39,719.72	0.81	\$32,172.98 per dwelling unit	\$4,954,638
Lot Type 4 (50 ft Lots)	22	\$39,719.72	0.76	\$30,186.99 per dwelling unit	\$664,114
Lot Type 5 (40 ft Lots)	268	\$39,719.72	0.65	\$25,817.82 per dwelling unit	\$6,919,176
Total	444				\$12,537,928

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-32.

Table E-32
Projected Leverage
Improvement Area #2

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 3 (60 ft Lots)	154	\$70,000	\$350,000	\$32,173	2.18	10.88
Lot Type 4 (50 ft Lots)	22	\$60,000	\$300,000	\$30,187	1.99	9.94
Lot Type 5 (40 ft Lots)	268	\$50,000	\$250,000	\$25,818	1.94	9.68

¹As provided by the Developer as of 11/09/21.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table E-33.

Table E-33
Estimated Tax Rate Equivalent per Unit
Improvement Area #2

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Projected Average Annual Installment per unit ²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 3 (60 ft Lots)	154	\$70,000	\$350,000	\$2,522	\$3.6032	\$0.7206
Lot Type 4 (50 ft Lots)	22	\$60,000	\$300,000	\$2,367	\$3.9443	\$0.7889
Lot Type 5 (40 ft Lots)	268	\$50,000	\$250,000	\$2,024	\$4.0480	\$0.8096

¹Provided by the Developer as of 11/09/21.

²Represents the average outstanding Annual Installment.

I) Allocation of Assessments to Lot Types in Phase #3B

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #3 Bonds relating to Phase #3B, which represents the total outstanding Assessment allocated on all Parcels within Phase #3B, is \$2,505,306. As shown in Table E-20, there are a total of 92.66 estimated Equivalent Units in Phase #3B, resulting in an Assessment per Equivalent Unit of \$27,037.62.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$27,037.62 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 4 (50 Ft Lot) dwelling unit is \$20,548.59 (i.e., \$27,037.62 × 0.76). The Assessment for a Lot Type 5 (40 Ft Lot) dwelling unit is \$17,574.45 (i.e., \$27,037.62 × 0.65). Table E-34 sets forth the Assessment per dwelling unit for each of the Lot Types in Phase #3B.

Table E-34
Assessment Per Unit
Phase #3B

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 4 (50 ft Lots)	21	\$27,037.62	0.76	\$20,548.59 per dwelling unit	\$431,520
Lot Type 5 (40 ft Lots)	118	\$27,037.62	0.65	\$17,574.45 per dwelling unit	\$2,073,785
Total	139				\$2,505,306

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-35.

Table E-35
Projected Leverage
Phase #3B

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 4 (50 ft Lots)	21	\$53,000	\$373,000	\$20,549	2.58	18.15
Lot Type 5 (40 ft Lots)	118	\$42,000	\$343,000	\$17,574	2.39	19.52

¹Provided by the Developer as of 11/09/21.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table E-36.

Table E-36
Estimated Tax Rate Equivalent per Unit
Phase #3B

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Projected Average Annual Installment per unit ²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 4 (50 ft Lots)	21	\$53,000	\$373,000	\$1,627	\$3.07	\$0.44
Lot Type 5 (40 ft Lots)	118	\$42,000	\$343,000	\$1,391	\$3.31	\$0.41

¹Provided by the Developer as of 11/09/21.

²Represents the average outstanding Annual Installment.

J) Allocation of Assessments to Lot Types in Phase #2B-1

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #3 Bonds relating to Phase #2B-1, which represents the total Assessment allocated on all

Parcels within Phase #2B-1, is \$2,899,695. As shown in Table E-21, there are a total of 72.09 estimated Equivalent Units in Phase #2B-1, resulting in an Assessment per Equivalent Unit of \$40,223.26.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$40,223.26 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type, as described in Table E-13. For example, the Assessment for a Lot Type 3 (60 Ft Lot) dwelling unit is \$32,580.84 (i.e., \$40,223.26 × 0.81). Table E-37 sets forth the Assessment per dwelling unit for each of the Lot Types in Phase #2B-1.

Table E-37
Assessment Per Unit
Phase #2B-1

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 3 (60 ft Lots)	89	\$40,223.26	0.81	\$32,580.84 per dwelling unit	\$2,899,695
Total	89				\$2,899,695

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-38.

Table E-38
Projected Leverage
Phase #2B-1

Description	Planned No. of Units	Estimated Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 3 (60 ft Lots)	89	\$72,000	\$384,000	\$32,581	2.21	11.79

¹Provided by the Developer as of 11/09/21.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table E-39.

Table E-39
Estimated Tax Rate Equivalent per Unit
Phase #2B-1

Description	Planned No. of Units	Estimated Finished Lot Value per unit¹	Projected Home Value per unit¹	Projected Average Annual Installment per unit²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 3 (60 ft Lots)	89	\$72,000	\$384,000	\$2,579	\$3.58	\$0.67

¹Provided by the Developer as of 11/09/21.

²Represents the average outstanding Annual Installment.

APPENDIX F
MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Appendix F
Major Improvement Area Assessment Roll

**Parcel
Equivalent Units
Assessment**

**All Parcels
580.39
\$6,606,994**

Year¹	Principal	Interest²	Administrative Expenses³	Prepayment and Delinquency Reserve	Available Credits	Total Annual Installment⁴
2019	\$66,795	\$491,893	\$30,000	\$33,035	\$0	\$621,722
2020	\$43,498	\$515,190	\$30,600	\$32,701	\$0	\$621,988
2021	\$28,326	\$530,361	\$31,212	\$32,484	\$0	\$622,383
2022	\$18,446	\$540,241	\$31,836	\$32,342	\$0	\$622,866
2023	\$12,013	\$546,675	\$32,473	\$32,250	\$0	\$623,410
2024	\$7,823	\$550,865	\$33,122	\$32,190	\$0	\$624,000
2025	\$5,094	\$553,594	\$33,785	\$32,150	\$0	\$624,623
2026	\$125,000	\$433,688	\$34,461	\$32,125	\$0	\$625,273
2027	\$135,000	\$425,250	\$35,150	\$31,500	\$0	\$626,900
2028	\$140,000	\$416,138	\$35,853	\$30,825	\$0	\$622,815
2029	\$150,000	\$406,688	\$36,570	\$30,125	\$0	\$623,382
2030	\$160,000	\$396,563	\$37,301	\$29,375	\$0	\$623,239
2031	\$170,000	\$385,763	\$38,047	\$28,575	\$0	\$622,385
2032	\$185,000	\$374,288	\$38,808	\$27,725	\$0	\$625,821
2033	\$195,000	\$361,800	\$39,584	\$26,800	\$0	\$623,184
2034	\$210,000	\$348,638	\$40,376	\$25,825	\$0	\$624,839
2035	\$225,000	\$334,463	\$41,184	\$24,775	\$0	\$625,421
2036	\$240,000	\$319,275	\$42,007	\$23,650	\$0	\$624,932
2037	\$255,000	\$303,075	\$42,847	\$22,450	\$0	\$623,372
2038	\$270,000	\$285,863	\$43,704	\$21,175	\$0	\$620,742
2039	\$290,000	\$267,638	\$44,578	\$19,825	\$0	\$622,041
2040	\$310,000	\$248,063	\$45,470	\$18,375	\$0	\$621,907
2041	\$330,000	\$227,138	\$46,379	\$16,825	\$0	\$620,342
2042	\$355,000	\$204,863	\$47,307	\$15,175	\$0	\$622,344
2043	\$375,000	\$180,900	\$48,253	\$13,400	\$0	\$617,553
2044	\$400,000	\$155,588	\$49,218	\$11,525	\$0	\$616,331
2045	\$430,000	\$128,588	\$50,203	\$9,525	\$0	\$618,315
2046	\$460,000	\$99,563	\$51,207	\$7,375	\$0	\$618,144
2047	\$490,000	\$68,513	\$52,231	\$5,075	\$0	\$615,818
2048	\$525,000	\$35,438	\$53,275	\$2,625	\$0	\$616,338
Total	\$6,606,994	\$10,136,594	\$1,217,042	\$701,801	\$0	\$18,662,431

1 – The 9/30/XX dates represent the fiscal year end for Bonds.

2 - The interest is calculated assuming an interest rate of 4.85% in year 1 (2019), 5.00% in year 2 (2020), 5.10% in year 3 (2021), 5.20% in year 4 (2022), 5.30% in year 5 (2023), 5.40% in year 6 (2024), 5.50% in year 7 (2025), and 6.75% in years 8 through 30 (2026-2048) interest rate on the Major Improvement Area Refunding Bonds.

3- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 – Annual Installment does not include any TIRZ Credit.

Appendix F-1
Assessment Roll Summary - Major Improvement Area
2021-22

Parcel	Estimated No. of units	Lot Size	Lot Type	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
38646	143	N/A	Various	115.83	\$1,389,524.99	\$3,962.59	\$116,053.68	\$6,947.62	\$11,600.19	(\$5.91)	\$138,558.17
43806	89	N/A	3	81.34	\$975,808.57	\$2,782.77	\$81,499.92	\$4,879.04	\$8,146.35	(\$64.99)	\$97,243.09
43910	54	N/A	3	50.56	\$606,530.12	\$1,729.68	\$50,657.64	\$3,032.65	\$5,063.50	(\$3.85)	\$60,479.62
44219	192	N/A	3	164.04	\$1,967,863.94	\$5,611.87	\$164,356.78	\$9,839.32	\$16,428.34	(\$12.39)	\$196,223.92
584981	7	N/A	3	6.44	\$77,255.81	\$220.32	\$6,452.44	\$386.28	\$644.96	(\$1,054.49)	\$6,649.49
958385	31	N/A	3	28.33	\$339,819.56	\$969.08	\$28,381.86	\$1,699.10	\$2,836.92	(\$22.63)	\$33,864.33
757670	1	0	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
757669	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$98.81)	\$678.77
757668	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757667	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757666	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$98.81)	\$678.77
757665	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757664	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757663	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$194.63)	\$582.95
757662	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757661	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757660	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757659	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757658	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757657	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757656	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757655	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757654	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757653	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$330.00)	\$579.16
757652	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$909.17)	\$0.00
757651	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$254.51)	\$654.65
757650	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$710.41)	\$198.76
757649	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$134.74)	\$774.42
757648	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$125.76)	\$783.41
757647	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$194.63)	\$714.54
757646	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$224.57)	\$684.60
757645	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$696.33)	\$212.84
757644	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$909.17)	\$0.00
757643	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$909.17)	\$0.00
757642	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$125.76)	\$783.41
757641	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$125.76)	\$783.41
757640	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$125.76)	\$783.41
757639	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$209.60)	\$699.57
757638	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$209.60)	\$699.57
757637	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$125.76)	\$783.41
757636	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$209.60)	\$699.57
757635	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$209.60)	\$699.57
757634	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$618.22)	\$290.95
757633	1	50	4	0.76	\$9,117.15	\$26.00	\$761.47	\$45.59	\$76.11	(\$909.17)	\$0.00
757632	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$107.79)	\$669.78
757631	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757630	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$149.71)	\$627.86
757629	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757628	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757627	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757626	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757625	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757624	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757623	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$89.82)	\$687.75
757622	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$107.79)	\$669.78
757621	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$107.79)	\$669.78
757620	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757619	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757618	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757617	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757616	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757615	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757614	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757613	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$134.74)	\$642.83
757612	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757611	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$602.05)	\$175.52
757610	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757609	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757608	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757607	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$134.74)	\$642.83
757606	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757605	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757604	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757603	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757602	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757601	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757600	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73

Parcel	Estimated No. of units	Lot Size	Lot Type	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
757599	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757598	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757597	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757596	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757595	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757594	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757593	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757592	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757591	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757590	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757589	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$244.71)	\$532.87
757588	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$116.78)	\$660.80
757587	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757586	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757585	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757584	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757583	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757582	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757581	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757580	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757579	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757578	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757577	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757576	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757575	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757574	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757573	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$134.74)	\$642.83
757572	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757571	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757570	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757569	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757568	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757567	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$675.52)	\$102.05
757566	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757565	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757564	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$350.78)	\$426.79
757563	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$421.22)	\$356.35
757562	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$662.45)	\$115.13
757561	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$777.58)	\$0.00
757560	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$107.79)	\$669.78
757559	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757558	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$351.06)	\$426.52
757557	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$568.44)	\$209.14
757556	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757555	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$662.70)	\$114.87
757554	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757553	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$405.14)	\$372.44
757552	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757551	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757550	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757549	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757548	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757547	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757546	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757545	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757544	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757543	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757542	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757541	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757540	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757539	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757538	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757537	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757536	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757535	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757534	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$134.74)	\$642.83
757533	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$80.85)	\$696.73
757532	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$134.74)	\$642.83
757531	1	40	5	0.65	\$7,797.56	\$22.24	\$651.26	\$38.99	\$65.10	(\$179.66)	\$597.92
Total	656			539.20	\$6,468,375.00	\$18,446.25	\$540,241.25	\$32,341.87	\$54,000.00	(\$29,483.14)	\$615,546.24

APPENDIX G
PHASE #1 ASSESSMENT ROLL

Appendix G
Phase #1 Assessment Roll

**Parcel
Equivalent Units
Assessment**

**All Parcels
177.89
\$6,929,998**

Year¹	Principal	Interest²	Administrative Expenses³	Prepayment and Delinquency Reserve	Available Credits	Total Annual Installment⁴
2019	\$94,612	\$420,800	\$30,000	\$34,650	\$0	\$580,062
2020	\$77,342	\$434,920	\$30,600	\$34,177	\$0	\$577,039
2021	\$73,690	\$440,423	\$31,212	\$33,790	\$0	\$579,115
2022	\$74,354	\$441,346	\$31,836	\$33,422	\$0	\$580,958
2023	\$165,000	\$347,025	\$32,473	\$33,050	\$0	\$577,548
2024	\$175,000	\$338,363	\$33,122	\$32,225	\$0	\$578,710
2025	\$185,000	\$329,175	\$33,785	\$31,350	\$0	\$579,310
2026	\$195,000	\$319,463	\$34,461	\$30,425	\$0	\$579,348
2027	\$205,000	\$309,225	\$35,150	\$29,450	\$0	\$578,825
2028	\$215,000	\$298,463	\$35,853	\$28,425	\$0	\$577,740
2029	\$225,000	\$287,175	\$36,570	\$27,350	\$0	\$576,095
2030	\$240,000	\$275,363	\$37,301	\$26,225	\$0	\$578,889
2031	\$255,000	\$262,763	\$38,047	\$25,025	\$0	\$580,835
2032	\$265,000	\$249,375	\$38,808	\$23,750	\$0	\$576,933
2033	\$280,000	\$235,463	\$39,584	\$22,425	\$0	\$577,472
2034	\$290,000	\$220,763	\$40,376	\$21,025	\$0	\$572,164
2035	\$305,000	\$205,538	\$41,184	\$19,575	\$0	\$571,296
2036	\$325,000	\$189,525	\$42,007	\$18,050	\$0	\$574,582
2037	\$340,000	\$172,463	\$42,847	\$16,425	\$0	\$571,735
2038	\$360,000	\$154,613	\$43,704	\$14,725	\$0	\$573,042
2039	\$380,000	\$135,713	\$44,578	\$12,925	\$0	\$573,216
2040	\$395,000	\$115,763	\$45,470	\$11,025	\$0	\$567,257
2041	\$420,000	\$95,025	\$46,379	\$9,050	\$0	\$570,454
2042	\$440,000	\$72,975	\$47,307	\$6,950	\$0	\$567,232
2043	\$465,000	\$49,875	\$48,253	\$4,750	\$0	\$567,878
2044	\$485,000	\$25,463	\$49,218	\$2,425	\$0	\$562,106
2045	\$0	\$0	\$0	\$0	\$0	\$0
2046	\$0	\$0	\$0	\$0	\$0	\$0
2047	\$0	\$0	\$0	\$0	\$0	\$0
2048	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$6,929,998	\$6,427,052	\$1,010,127	\$582,664	\$0	\$14,949,841

1 – The 9/30/XX dates represent the fiscal year end for the Bonds.

2 - The interest is calculated assuming an interest rate of 4.10% in year 1 (2019), 4.20% in year 2 (2020), 4.30% in year 3 (2021), 4.40% in year 4 (2022), and 5.25% in years 5 through 24 (2023-2044) interest rate on the Phase #1 Refunding and Improvement Bonds.

3 – Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 – Annual Installment does not include any TIRZ Credit.

Appendix G-1
Assessment Roll Summary - Phase #1
2021-22

Parcel	Lot Type	Equivalent Unit Factor	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
662496	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,042.69)	\$1,630.15
662497	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$569.71)	\$2,103.12
662498	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$670.10)	\$2,002.74
662499	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$574.69)	\$2,098.15
662500	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$653.93)	\$2,018.90
662501	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,178.10)	\$1,494.73
662502	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,130.19)	\$1,542.64
662503	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,225.34)	\$1,447.50
662504	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,243.19)	\$1,429.65
662505	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,133.18)	\$1,539.65
662506	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$959.35)	\$1,713.49
662507	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$612.32)	\$2,060.52
662508	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$675.51)	\$1,997.32
662509	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$900.92)	\$1,771.91
662510	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,076.54)	\$1,596.30
662511	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$920.86)	\$1,751.97
662512	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$875.55)	\$1,797.28
744817 ¹	3	0.41	\$15,249.98	\$170.31	\$998.37	\$76.25	\$91.48	(\$521.11)	\$815.31
662513 ¹	3	0.41	\$15,249.98	\$170.31	\$998.37	\$76.25	\$91.48	(\$536.05)	\$800.37
662514	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$629.51)	\$2,043.32
662515	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,188.24)	\$1,484.59
662516	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,057.81)	\$1,615.02
662517	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,064.66)	\$1,608.18
662518	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,036.14)	\$1,636.69
662519	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$917.65)	\$1,755.19
662520	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,079.41)	\$1,593.43
662521	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,022.11)	\$1,650.72
662522	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,138.21)	\$1,534.62
662523	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,111.12)	\$1,561.71
662524	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,110.87)	\$1,561.96
662525	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,303.40)	\$1,369.43
662526	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$971.76)	\$1,701.07
662527	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,175.01)	\$1,497.82
662528	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
662529	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,404.81)	\$1,268.03
662530	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,245.08)	\$1,427.75
662531	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,105.79)	\$1,567.04
662532	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,080.28)	\$1,592.56
662533	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	\$0.00	\$2,672.84
662534	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,066.64)	\$1,606.19
662535	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$981.10)	\$1,691.74
662536	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,261.94)	\$1,410.90
662537	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	\$0.00	\$2,672.84
662538	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,120.73)	\$1,552.10
662539	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,071.64)	\$1,601.19
662540	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,314.03)	\$1,358.81
662541	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,044.60)	\$1,628.24
662542	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,225.34)	\$1,447.50
662543	3	0.54	\$20,478.44	\$228.70	\$1,340.66	\$102.39	\$182.97	(\$1,243.27)	\$611.46
662544	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,322.29)	\$1,350.54
662545	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,372.61)	\$1,300.23
662546	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,129.70)	\$1,543.13
662547	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,165.57)	\$1,507.27
662548	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,074.93)	\$1,597.91
662549	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,087.88)	\$1,584.96
662550	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,075.91)	\$1,596.93
662551	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,105.79)	\$1,567.04
662552	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$886.44)	\$1,786.40
662553	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$639.65)	\$2,033.18
662554	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,026.32)	\$1,646.52
662555	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,120.73)	\$1,552.10
662556	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,068.48)	\$1,604.36
662557	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,157.38)	\$1,515.46
662558	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,069.15)	\$1,603.68
662559	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,144.16)	\$1,528.67
662560	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,044.54)	\$1,628.30
662561	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,057.98)	\$1,614.86
662562	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,062.37)	\$1,610.47
662563	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,024.70)	\$1,648.13
662564	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,210.90)	\$1,461.93
662565	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$969.21)	\$1,703.62
662566	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,075.91)	\$1,596.93

Parcel	Lot Type	Equivalent Unit Factor	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
662567	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,066.51)	\$1,606.33
662568	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,164.65)	\$1,508.19
662569	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,022.08)	\$1,650.75
662570	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,176.49)	\$1,496.35
662571	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,072.00)	\$1,600.83
662572	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,126.45)	\$1,546.39
662573	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,168.55)	\$1,504.28
662574	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,065.11)	\$1,607.73
662575	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,302.24)	\$1,370.60
662576	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,237.86)	\$1,434.97
662577	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,231.62)	\$1,441.22
662578	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,026.72)	\$1,646.11
662579	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,041.35)	\$1,631.48
662580	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,107.24)	\$1,565.59
662581	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,309.70)	\$1,363.13
662582	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
662583	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,272.84)	\$1,400.00
662584	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,001.19)	\$1,671.65
662585	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,224.04)	\$1,447.79
662586	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$957.69)	\$1,715.14
662587	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,009.68)	\$1,663.15
662588	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,019.44)	\$1,653.40
662589	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,224.77)	\$1,468.06
662590	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,185.36)	\$1,487.47
662591	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,011.03)	\$1,661.80
662592	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,201.12)	\$1,471.72
662593	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,241.25)	\$1,431.59
662594	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,180.51)	\$1,492.33
662595	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,225.04)	\$1,447.79
662596	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$916.31)	\$1,756.53
662597	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,054.99)	\$1,617.85
662598	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
662599	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,071.41)	\$1,601.42
662600	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,013.88)	\$1,658.96
662601	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$960.00)	\$1,712.84
662602	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$967.47)	\$1,705.37
662603	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,353.82)	\$1,319.01
662604	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,411.91)	\$1,260.92
662605	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,042.22)	\$1,630.61
662606	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID
662607	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$910.97)	\$1,761.87
662608	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,014.96)	\$1,657.87
662609	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,222.35)	\$1,450.49
662610	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	\$0.00	\$2,672.84
662611	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,111.77)	\$1,561.07
662612	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,055.86)	\$1,616.97
662613	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,037.06)	\$1,635.78
662614	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$824.97)	\$1,847.87
662615	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$927.06)	\$1,745.78
662616	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,021.72)	\$1,651.12
662617	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,135.68)	\$1,537.15
662618	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,270.07)	\$1,402.76
662619	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,198.44)	\$1,474.39
662620	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,093.84)	\$1,579.00
662621	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$983.26)	\$1,689.58
662622	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,030.24)	\$1,642.60
662623	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,270.17)	\$1,402.67
662624	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,209.91)	\$1,462.93
662625	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,090.50)	\$1,582.34
662626	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,084.87)	\$1,587.96
662627	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$595.16)	\$2,077.67
662628	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,233.06)	\$1,439.77
662629	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,060.96)	\$1,611.87
662630	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$885.91)	\$1,786.93
662631	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$804.06)	\$1,868.78
662632	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,190.45)	\$1,482.39
662633	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,204.74)	\$1,468.09
662634	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$918.85)	\$1,753.99
662635	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,108.14)	\$1,564.70
662636	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$986.25)	\$1,686.59
662637	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,046.02)	\$1,626.81
662638	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,371.14)	\$1,301.69
662639	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,216.37)	\$1,456.46
662640	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,240.28)	\$1,432.56
662641	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,318.31)	\$1,354.53
662642	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,515.66)	\$1,157.18

Parcel	Lot Type	Equivalent Unit Factor	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
662643	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,042.79)	\$1,630.05
662644	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,102.23)	\$1,570.60
662645	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,262.15)	\$1,410.68
662646	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,086.23)	\$1,586.60
662647	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,208.25)	\$1,464.58
662648	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,334.78)	\$1,338.06
662649	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,154.70)	\$1,518.14
662650	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,146.47)	\$1,526.37
662651	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,023.96)	\$1,648.88
662652	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,026.15)	\$1,646.69
662653	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$950.44)	\$1,722.39
662654	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,180.56)	\$1,492.28
662655	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,335.96)	\$1,963.84
662656	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	\$0.00	\$3,299.80
662657	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,072.19)	\$2,227.61
662658	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,134.99)	\$2,164.81
662659	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,477.16)	\$1,822.64
662660	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,207.71)	\$2,092.09
662661	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,292.47)	\$2,007.33
662662	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$829.78)	\$2,470.01
662663	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,362.58)	\$1,937.22
662664	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,399.11)	\$1,900.68
662665	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,180.51)	\$2,119.29
662666	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,150.62)	\$2,149.18
662667	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,409.82)	\$1,889.98
662668	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,315.00)	\$1,984.80
662669	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,282.93)	\$2,016.87
662670	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	\$0.00	\$3,299.80
662671	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$912.07)	\$2,387.73
662672	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,089.11)	\$2,210.68
662673	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,322.44)	\$1,977.35
662674	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,360.55)	\$1,939.25
662675	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,228.76)	\$2,071.04
662676	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
662677	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,049.01)	\$1,623.83
662678	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$257.77)	\$2,415.06
662679	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$257.77)	\$2,415.06
662680	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,330.96)	\$1,341.87
662681	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,020.98)	\$1,651.86
662682	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$910.25)	\$1,762.59
662683	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,091.18)	\$1,581.65
662684	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$896.59)	\$1,776.24
662685	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	\$0.00	\$2,672.84
662686	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$50.64)	\$2,622.19
662687	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,052.05)	\$1,620.79
662688	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,282.27)	\$1,390.56
662689	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,347.68)	\$1,952.12
662690	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,253.27)	\$2,046.53
662691	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,311.09)	\$1,988.70
662692	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,049.79)	\$2,250.00
662693	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,096.83)	\$2,202.97
662694	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$983.26)	\$2,316.54
662695	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,128.59)	\$2,171.20
662696	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,195.45)	\$2,104.34
662697	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,171.04)	\$2,128.76
662698	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,154.11)	\$2,145.69
662699	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,492.65)	\$1,807.14
662700	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,412.37)	\$1,887.43
662701	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,339.16)	\$1,960.64
662702	3	0.81	\$30,499.97	\$340.62	\$1,996.75	\$152.50	\$182.97	(\$1,210.39)	\$1,462.44
662703	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,197.69)	\$2,102.11
662704	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,258.91)	\$2,040.89
662705	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	\$0.00	\$3,299.80
662706	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,186.49)	\$2,113.31
662707	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,240.28)	\$2,059.52
662708	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,133.31)	\$2,166.49
662709	1	1.00	\$37,654.28	\$420.52	\$2,465.12	\$188.27	\$225.89	(\$1,216.37)	\$2,083.42
662710	0	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total		176.81	\$6,657,798.97	\$74,353.85	\$435,866.98	\$33,288.99	\$40,000.00	(\$221,658.37)	\$361,851.46

1 - Parcel's Equivalent Unit, Outstanding Assessment, and Annual Installment due are split based upon ownership records per the Denton County Appraisal District as of August 4, 2021 and as a result, do not represent a new Lot Type.

APPENDIX H
IMPROVEMENT AREA #2 ASSESSMENT ROLL

Appendix H
Improvement Area #2 Assessment Roll

**Parcel
Equivalent Units
Assessment**

**All Parcels
315.66
\$12,537,928**

Year¹	Principal	Interest²	Administrative Expenses³	Prepayment and Delinquency Reserve	Available Credits	Total Annual Installment⁴
2019	\$147,277	\$754,461	\$30,000	\$62,690	\$0	\$994,427
2020	\$144,002	\$761,123	\$30,600	\$61,953	\$0	\$997,678
2021	\$141,187	\$761,751	\$31,212	\$61,233	\$0	\$995,383
2022	\$141,586	\$758,877	\$31,836	\$60,527	\$0	\$992,826
2023	\$148,877	\$753,823	\$32,473	\$59,819	\$0	\$994,992
2024	\$225,000	\$679,363	\$33,122	\$59,075	\$0	\$996,560
2025	\$235,000	\$666,425	\$33,785	\$57,950	\$0	\$993,160
2026	\$250,000	\$652,913	\$34,461	\$56,775	\$0	\$994,148
2027	\$265,000	\$638,538	\$35,150	\$55,525	\$0	\$994,212
2028	\$280,000	\$623,300	\$35,853	\$54,200	\$0	\$993,353
2029	\$295,000	\$607,200	\$36,570	\$52,800	\$0	\$991,570
2030	\$310,000	\$590,238	\$37,301	\$51,325	\$0	\$988,864
2031	\$330,000	\$572,413	\$38,047	\$49,775	\$0	\$990,235
2032	\$350,000	\$553,438	\$38,808	\$48,125	\$0	\$990,371
2033	\$370,000	\$533,313	\$39,584	\$46,375	\$0	\$989,272
2034	\$390,000	\$512,038	\$40,376	\$44,525	\$0	\$986,939
2035	\$415,000	\$489,613	\$41,184	\$42,575	\$0	\$988,371
2036	\$435,000	\$465,750	\$42,007	\$40,500	\$0	\$983,257
2037	\$460,000	\$440,738	\$42,847	\$38,325	\$0	\$981,910
2038	\$490,000	\$414,288	\$43,704	\$36,025	\$0	\$984,017
2039	\$515,000	\$386,113	\$44,578	\$33,575	\$0	\$979,266
2040	\$545,000	\$356,500	\$45,470	\$31,000	\$0	\$977,970
2041	\$575,000	\$325,163	\$46,379	\$28,275	\$0	\$974,817
2042	\$610,000	\$292,100	\$47,307	\$25,400	\$0	\$974,807
2043	\$645,000	\$257,025	\$48,253	\$22,350	\$0	\$972,628
2044	\$680,000	\$219,938	\$49,218	\$19,125	\$0	\$968,281
2045	\$720,000	\$180,838	\$50,203	\$15,725	\$0	\$966,765
2046	\$765,000	\$139,438	\$51,207	\$12,125	\$0	\$967,769
2047	\$805,000	\$95,450	\$52,231	\$8,300	\$0	\$960,981
2048	\$855,000	\$49,163	\$53,275	\$4,275	\$0	\$961,713
Total	\$12,537,928	\$14,531,322	\$1,217,042	\$1,240,248	\$0	\$29,526,540

1 – The 9/30/XX dates represent the fiscal year end for the Bonds.

2 - The interest is calculated assuming an interest rate of 4.60% in year 1 (2019), 4.70% in year 2 (2020), 4.80% in year 3 (2021), 4.90% in year 4 (2022), 5.0% in year 5 (2023), and 5.75% in years 6 through 30 (2024-2048) interest rate on the Improvement Area #2 Refunding and Improvement Bonds.

3 – Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 – Annual Installment does not include any TIRZ Credit.

Appendix H-1
Assessment Roll Summary - Improvement Area #2
2021-22

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
727063	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,040.04)	\$1,548.31
727064	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$971.30)	\$1,617.05
727065	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,178.09)	\$1,410.26
727066	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,234.30)	\$1,354.05
727067	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,249.96)	\$1,338.39
727068	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,040.04)	\$1,548.31
727069	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,141.66)	\$1,446.69
3670365 ¹	1	3	0.27	0.27	\$10,249.87	\$120.39	\$642.55	\$51.25	\$39.96	(\$383.99)	\$470.16
8452371 ¹	1	3	0.54	0.54	\$20,810.34	\$244.43	\$1,304.58	\$104.05	\$81.14	(\$759.60)	\$974.60
727071	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$924.49)	\$1,663.86
727072	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,276.15)	\$1,312.20
727073	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,272.42)	\$1,315.93
727074	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,306.03)	\$1,282.32
727075	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,243.27)	\$1,345.08
727076	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,127.27)	\$1,461.08
727077	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,040.03)	\$1,548.32
727078	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,185.44)	\$1,402.91
727079	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,100.59)	\$1,487.76
727080	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$988.41)	\$1,599.94
727081	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,135.36)	\$1,452.99
727082	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,033.67)	\$1,554.68
727083	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,440.13)	\$1,148.22
727084	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,285.11)	\$1,303.24
727085	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,329.94)	\$1,258.41
727086	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,054.99)	\$1,533.36
727087	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,025.10)	\$1,563.25
727088	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$985.49)	\$1,602.86
727089	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,163.91)	\$1,424.44
727090	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,123.55)	\$1,464.80
727091	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,344.88)	\$1,243.47
727092	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
727093	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$955.32)	\$1,633.03
727094	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727095	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$261.65)	\$2,326.70
727096	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$273.96)	\$2,314.39
727097	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,037.77)	\$1,550.58
727098	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,105.49)	\$1,482.86
727099	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,149.59)	\$1,438.76
727100	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727101	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727102	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727103	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$535.36)	\$2,052.99
727104	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727105	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727106	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727107	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$818.56)	\$1,769.79
727108	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727109	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727110	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$267.87)	\$2,320.48
727111	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,043.03)	\$1,545.32
727112	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$182.77)	\$2,405.58
727113	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,048.17)	\$1,540.18
727114	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$987.12)	\$1,601.23
727115	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$251.58)	\$2,336.77
727116	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,006.55)	\$1,581.80
727117	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$201.47)	\$2,386.88
727118	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,283.62)	\$1,304.73
727119	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,060.96)	\$1,527.39
727120	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727121	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$884.47)	\$1,703.88
727122	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,225.34)	\$1,363.01
727123	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,125.68)	\$1,462.67
727124	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,145.85)	\$1,442.50
727125	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$817.95)	\$1,770.40
727126	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,040.04)	\$1,548.31
727127	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,223.95)	\$1,364.40
727128	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727129	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,233.81)	\$1,354.54
727130	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,304.20)	\$1,284.15
727131	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,225.34)	\$1,363.01
727132	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$696.62)	\$1,891.73
727133	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$585.33)	\$2,003.02
727134	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$266.67)	\$2,321.68
727135	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,183.43)	\$1,404.92

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Adminstrative Expense	TIRZ Credit	Annual Installment
727136	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$266.67)	\$2,321.68
727137	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$266.70)	\$2,321.65
727138	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$266.81)	\$2,321.54
727139	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$830.84)	\$1,757.51
727140	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$313.31)	\$2,275.04
727141	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,025.10)	\$1,563.25
727142	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$894.61)	\$1,693.74
727143	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,007.40)	\$1,580.95
727144	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$811.28)	\$1,777.07
727145	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,009.43)	\$1,578.92
727146	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,218.84)	\$1,369.51
727147	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$638.07)	\$1,950.28
727148	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$513.54)	\$2,074.81
727149	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$866.94)	\$1,721.41
727150	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$883.46)	\$1,704.89
727151	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,204.86)	\$1,383.49
727152	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$999.95)	\$1,588.40
727153	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$902.08)	\$1,686.27
727154	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,227.01)	\$1,361.34
727155	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$286.02)	\$2,302.33
727156	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727157	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727158	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$963.93)	\$1,624.42
727159	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$926.48)	\$1,661.87
727160	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,410.33)	\$1,178.02
727161	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,315.04)	\$1,273.31
727162	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$905.37)	\$1,682.98
727163	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$978.93)	\$1,609.42
727164	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$261.38)	\$2,326.97
727165	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,110.41)	\$1,477.94
727166	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$152.77)	\$2,435.58
727167	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$806.79)	\$1,781.56
727168	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$519.95)	\$2,068.40
727169	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,196.34)	\$1,392.01
727170	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,359.82)	\$1,228.53
727171	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727172	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,382.30)	\$1,206.05
727173	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,330.43)	\$1,257.92
727174	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,036.93)	\$1,551.42
727175	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,013.58)	\$1,574.77
727176	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,190.69)	\$1,397.66
727177	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,113.80)	\$1,474.55
727178	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,028.09)	\$1,560.26
727179	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,192.46)	\$1,395.89
727180	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,216.93)	\$1,371.42
727181	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,132.51)	\$1,455.84
727182	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,031.97)	\$1,556.38
727183	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$679.47)	\$1,908.88
727184	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$754.62)	\$1,833.73
727185	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$915.95)	\$1,672.40
727186	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$564.13)	\$2,024.22
727187	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,053.02)	\$1,535.33
727188	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,060.96)	\$1,527.39
727189	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,210.39)	\$1,377.96
727190	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,042.41)	\$1,545.94
727191	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$265.50)	\$2,322.85
727192	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$265.78)	\$2,322.57
727193	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$499.87)	\$2,088.48
727194	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$274.16)	\$2,314.19
727195	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,321.03)	\$1,267.32
727196	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727197	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,290.01)	\$1,298.34
727198	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,379.28)	\$1,209.07
727199	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$984.62)	\$1,603.73
727200	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$988.64)	\$1,599.71
727201	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,379.28)	\$1,209.07
727202	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,208.26)	\$1,380.09
727203	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,019.33)	\$1,569.02
727204	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,042.49)	\$1,545.86
727205	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,247.91)	\$1,340.44
727206	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$935.44)	\$1,652.91
727207	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$970.46)	\$1,617.89
727208	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,317.99)	\$1,270.36
727209	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$326.83)	\$2,261.52
727210	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,276.03)	\$1,312.32
727211	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	\$0.00	\$2,588.35
727212	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$972.71)	\$1,615.64
727213	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$928.95)	\$1,659.40

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Adminstrative Expense	TIRZ Credit	Annual Installment
727214	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$643.54)	\$1,944.81
727215	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,082.57)	\$1,505.78
727216	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,334.27)	\$1,254.08
727217	1	3	0.81	0.81	\$31,060.21	\$364.82	\$1,947.13	\$155.30	\$121.10	(\$1,485.17)	\$1,103.18
725604	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$126.80)	\$1,950.27
725605	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$92.96)	\$1,984.11
725606	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$1,144.53)	\$932.54
725607	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$674.87)	\$1,402.20
725608	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$924.39)	\$1,152.68
725609	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$856.29)	\$1,220.78
725610	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$764.72)	\$1,312.35
725611	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.84)	\$1,227.23
725612	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725613	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725614	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.55)	\$1,401.52
725615	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$793.44)	\$1,283.63
725616	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$926.97)	\$1,150.10
725617	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$513.06)	\$1,564.01
725618	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$921.11)	\$1,155.96
725619	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.84)	\$1,227.23
725620	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$140.16)	\$1,936.91
725621	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725622	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$140.16)	\$1,936.91
725623	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.11)	\$1,227.96
725624	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725625	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725626	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.09)	\$1,992.98
725627	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$509.68)	\$1,567.39
725628	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$860.22)	\$1,216.85
725629	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.93)	\$1,409.14
725630	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
725631	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$986.25)	\$1,090.82
725632	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$845.22)	\$1,231.85
725633	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$679.41)	\$1,397.66
725634	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$847.32)	\$1,229.76
725635	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.43)	\$1,401.64
725636	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$769.26)	\$1,307.81
725637	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$925.69)	\$1,151.39
725638	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$680.09)	\$1,396.98
725639	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$899.43)	\$1,177.64
725640	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$855.00)	\$1,222.07
725641	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$679.41)	\$1,397.66
725642	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$925.69)	\$1,151.39
725643	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.92)	\$1,409.16
725644	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$847.32)	\$1,229.76
725645	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$680.09)	\$1,396.98
725646	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$764.95)	\$1,312.12
725647	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.92)	\$1,409.16
725648	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$86.82)	\$1,990.25
725649	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$86.30)	\$1,990.77
725650	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$119.40)	\$1,957.67
725651	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$119.60)	\$1,957.47
725652	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725653	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.52)	\$1,409.55
725654	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$921.56)	\$1,155.51
725655	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$850.56)	\$1,226.51
725656	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$929.16)	\$1,147.91
725657	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$674.97)	\$1,402.10
725658	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.30)	\$1,227.77
725659	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$760.47)	\$1,316.60
725660	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.66)	\$1,401.41
725661	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$845.14)	\$1,231.94
725662	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$929.11)	\$1,147.96
725663	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$842.88)	\$1,234.19
725664	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$925.61)	\$1,151.46
725665	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$796.31)	\$1,280.76
725666	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$166.99)	\$1,910.08
725667	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$140.26)	\$1,936.81
725668	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$96.84)	\$1,980.23
725669	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$119.67)	\$1,957.40
725670	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$789.26)	\$1,287.81
725671	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.18)	\$1,992.89
725672	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.18)	\$1,992.89
725673	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$924.53)	\$1,152.54
725674	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$838.12)	\$1,238.96
725675	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$905.56)	\$1,171.51
725676	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$662.73)	\$1,414.34
725677	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$843.65)	\$1,233.42

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Adminstrative Expense	TIRZ Credit	Annual Installment
725678	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.00)	\$1,402.07
725679	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$919.24)	\$1,157.83
725680	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.69)	\$1,401.38
725681	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$921.25)	\$1,155.82
725682	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$663.51)	\$1,413.56
725683	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$824.86)	\$1,252.21
725684	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$662.73)	\$1,414.34
725685	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$760.55)	\$1,316.52
725686	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$917.76)	\$1,159.32
725687	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$749.07)	\$1,328.00
725688	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$926.21)	\$1,150.86
725689	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$928.99)	\$1,148.08
725690	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$764.11)	\$1,312.96
725691	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$890.61)	\$1,186.46
725692	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.24)	\$1,409.83
725693	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$786.29)	\$1,290.78
725694	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$936.74)	\$1,140.33
725695	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.50)	\$1,409.57
725696	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$800.35)	\$1,276.72
725697	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.24)	\$1,409.83
725698	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$848.49)	\$1,228.58
725699	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$710.75)	\$1,366.32
725701	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$941.42)	\$1,135.65
725702	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$628.89)	\$1,448.18
725703	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.86)	\$1,227.21
725704	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$675.38)	\$1,401.69
725705	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.97)	\$1,993.10
725706	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.97)	\$1,993.10
725707	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.13)	\$1,992.94
725708	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$645.73)	\$1,431.34
725709	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$850.11)	\$1,226.96
725710	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$674.93)	\$1,402.14
725711	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.12)	\$1,992.96
725712	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$84.12)	\$1,992.96
725713	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.52)	\$1,409.55
725714	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725715	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725716	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725717	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725718	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$663.03)	\$1,414.04
725719	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$139.81)	\$1,937.26
725720	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$83.89)	\$1,993.19
725721	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$667.76)	\$1,409.31
725722	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$750.20)	\$1,326.88
725723	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$953.77)	\$1,123.30
725724	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$958.13)	\$1,118.94
725725	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$681.74)	\$1,395.33
725726	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$849.83)	\$1,227.24
725727	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$670.42)	\$1,406.65
725728	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$88.32)	\$1,988.75
725729	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$88.32)	\$1,988.75
725730	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$669.63)	\$1,407.44
725731	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$88.32)	\$1,988.75
725732	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$149.03)	\$2,279.54
725733	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$131.90)	\$2,296.68
725734	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$962.34)	\$1,466.23
725735	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$760.12)	\$1,668.46
725736	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$1,093.94)	\$1,334.64
725737	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$955.95)	\$1,472.62
725738	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$709.12)	\$1,719.45
725739	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
725740	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$1,040.04)	\$1,388.53
725741	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$780.92)	\$1,647.65
725742	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$1,018.90)	\$1,409.67
725743	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
725744	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
725745	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$162.95)	\$2,265.62
725746	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$125.73)	\$2,302.85
725747	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$125.81)	\$2,302.76
725748	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$196.33)	\$2,232.25
725749	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
717579	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$684.84)	\$1,392.23
717580	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$647.00)	\$1,430.07
717581	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$618.56)	\$1,458.51
717582	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$137.48)	\$1,939.60
717583	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$866.70)	\$1,210.37
717584	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$603.76)	\$1,473.31
717585	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$810.48)	\$1,266.59

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Adminstrative Expense	TIRZ Credit	Annual Installment
717586	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$781.87)	\$1,295.20
717587	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.64)	\$1,451.43
717588	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$612.84)	\$1,464.23
717589	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$869.69)	\$1,207.38
717590	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.64)	\$1,451.43
717591	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$781.87)	\$1,295.20
717592	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$795.95)	\$1,281.12
717593	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.64)	\$1,451.43
717594	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	\$0.00	\$2,077.07
717595	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$882.24)	\$1,194.83
717596	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.64)	\$1,451.43
717597	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$717.82)	\$1,359.25
717598	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$610.84)	\$1,466.23
717599	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$783.73)	\$1,293.35
717600	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$816.50)	\$1,260.57
717601	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.64)	\$1,451.43
717602	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$687.38)	\$1,389.69
717603	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$878.66)	\$1,198.42
717604	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
717605	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$582.03)	\$1,495.04
717606	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$627.57)	\$1,449.50
717607	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$345.42)	\$1,731.65
717608	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$612.17)	\$1,464.90
717609	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$815.41)	\$1,261.66
717610	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$622.14)	\$1,454.93
717611	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$778.36)	\$1,298.71
717612	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$611.36)	\$1,465.71
717613	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$933.41)	\$1,143.66
717614	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$882.86)	\$1,194.22
717615	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$615.15)	\$1,461.92
717616	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$628.77)	\$1,448.30
717617	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$717.27)	\$1,359.80
717618	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$795.41)	\$1,281.66
717619	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$784.99)	\$1,292.08
717620	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$613.97)	\$1,463.10
717621	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$784.99)	\$1,292.08
717622	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$632.65)	\$1,444.42
717623	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$633.39)	\$1,443.68
717624	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$736.49)	\$1,340.58
717625	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$800.57)	\$1,276.51
717626	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$703.59)	\$1,373.48
717627	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$872.81)	\$1,204.26
717628	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$873.62)	\$1,203.45
717629	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$634.20)	\$1,442.87
717630	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$938.82)	\$1,138.25
717631	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$827.51)	\$1,249.56
717632	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$619.37)	\$1,457.70
717633	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$784.33)	\$1,292.74
717634	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$791.27)	\$1,285.80
717635	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$938.84)	\$1,138.23
717636	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	\$0.00	\$2,077.07
717637	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$634.20)	\$1,442.87
717638	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	\$0.00	\$2,077.07
717639	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$792.25)	\$1,284.82
717640	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$611.95)	\$1,465.12
717641	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$851.76)	\$1,225.31
717642	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$774.06)	\$1,303.01
717643	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	\$0.00	\$2,077.07
717644	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$612.33)	\$1,464.74
717645	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$652.93)	\$1,424.14
717646	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$621.24)	\$1,455.83
717647	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$925.87)	\$1,151.21
717648	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$606.44)	\$1,470.63
717649	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$777.47)	\$1,299.60
717650	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$621.24)	\$1,455.83
717651	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$608.44)	\$1,468.63
717652	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$776.09)	\$1,300.98
717653	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$588.67)	\$1,488.40
717654	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$603.76)	\$1,473.31
717655	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$923.18)	\$1,153.89
717656	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$788.51)	\$1,288.56
717657	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$680.01)	\$1,397.06
717658	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
717659	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$782.97)	\$1,294.10
717660	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$613.94)	\$1,463.13
717661	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$793.38)	\$1,283.69
717662	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$626.74)	\$1,450.33
717663	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$824.38)	\$1,252.69

Parcel	Estimated No. of units	Lot Type	Equivalent Unit Factor	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	TIRZ Credit	Annual Installment
717664	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$789.40)	\$1,287.67
717665	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$516.84)	\$1,560.23
717666	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$768.32)	\$1,308.75
717667	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$787.24)	\$1,289.83
717668	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID
717669	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$629.44)	\$1,447.63
717670	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$797.76)	\$1,279.31
717671	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$809.16)	\$1,267.91
717672	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$652.93)	\$1,424.14
717673	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$866.51)	\$1,210.56
717674	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$775.01)	\$1,302.06
717675	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$607.24)	\$1,469.83
717676	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$825.17)	\$1,251.90
717677	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$798.50)	\$1,278.57
717678	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$631.86)	\$1,445.21
717679	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$936.49)	\$1,140.58
717680	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$885.95)	\$1,191.12
717681	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$788.09)	\$1,288.98
717682	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$617.06)	\$1,460.01
717683	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$909.88)	\$1,167.19
717684	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$974.74)	\$1,102.33
717685	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$630.14)	\$1,446.93
717686	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$615.17)	\$1,461.90
717687	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$796.61)	\$1,280.46
717688	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$820.83)	\$1,256.24
717689	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$787.23)	\$1,289.84
717690	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$724.63)	\$1,352.44
717691	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$632.48)	\$1,444.59
717692	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$583.88)	\$1,493.19
717693	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$937.12)	\$1,139.95
717694	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$799.13)	\$1,277.94
717695	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$678.62)	\$1,398.45
717696	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$808.78)	\$1,268.29
717697	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$958.27)	\$1,118.80
717698	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$643.94)	\$1,433.13
717699	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$625.24)	\$1,451.83
717700	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$828.59)	\$1,248.48
717701	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	\$0.00	\$2,077.07
717702	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$606.89)	\$1,470.18
717703	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$782.43)	\$1,294.64
717704	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$879.06)	\$1,198.01
717705	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$621.03)	\$1,456.04
717706	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$711.87)	\$1,365.20
717707	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$814.32)	\$1,262.76
717708	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$777.26)	\$1,299.81
717709	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$787.68)	\$1,289.39
717710	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$606.23)	\$1,470.84
717711	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$584.90)	\$1,492.17
717712	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$680.82)	\$1,396.25
717713	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$811.90)	\$1,265.17
717714	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$872.82)	\$1,204.25
717715	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$842.81)	\$1,234.26
717716	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$650.21)	\$1,426.86
717717	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$813.53)	\$1,263.54
717718	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$820.27)	\$1,256.80
717719	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID
717720	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$615.18)	\$1,461.89
717721	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$871.44)	\$1,205.63
717722	1	5	0.65	0.65	\$24,924.86	\$292.76	\$1,562.51	\$124.62	\$97.18	(\$810.98)	\$1,266.09
717723	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$783.02)	\$1,645.55
717724	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$643.08)	\$1,785.50
717725	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$837.78)	\$1,590.80
717726	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$802.13)	\$1,626.45
717727	0	N/A	0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
717728	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$837.86)	\$1,590.72
717729	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$197.63)	\$2,230.95
717730	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$803.06)	\$1,625.52
717731	1	4	0.76	0.76	\$29,142.91	\$342.30	\$1,826.93	\$145.71	\$113.63	(\$860.72)	\$1,567.85
Total	443		314.36	314.36	\$12,054,427.59	\$141,585.60	\$755,677.60	\$60,272.14	\$47,000.00	(\$322,624.02)	\$681,911.32

1 - Parcel's Equivalent Unit, Outstanding Assessment, and Annual Installment due are split based upon ownership records per the Denton County Appraisal District as of August 4, 2021 and as a result, do not represent a new Lot Type.

APPENDIX I
IMPROVEMENT AREA #3 ASSESSMENT ROLL

Appendix I-1
Improvement Area #3 Assessment Roll (Combined Phase #3B and Phase #2B-1)

**Parcel
Equivalent Units
Assessment**

**All Parcels
164.75
\$5,405,000**

Year¹	Principal²	Interest²	Principal³	Interest³	Administrative Expenses⁴	Additional Interest Reserve	Capitalized Interest	Total Annual Installment⁵
9/30/19	\$0	\$229,408	\$0	\$0	\$20,000	\$0	\$0	\$249,408
9/30/20	\$19,289	\$229,408	\$0	\$0	\$20,400	\$0	\$0	\$269,097
9/30/21	\$21,558	\$227,670	\$0	\$0	\$20,808	\$0	\$0	\$270,037
9/30/22	\$55,622	\$79,857	\$64,378	\$92,428	\$50,000	\$27,025	(\$92,428)	\$276,881
9/30/23	\$58,403	\$104,112	\$67,597	\$120,501	\$51,000	\$26,425	\$0	\$428,073
9/30/24	\$60,721	\$101,629	\$70,279	\$117,628	\$52,020	\$25,795	\$0	\$427,890
9/30/25	\$63,038	\$99,049	\$72,962	\$114,641	\$53,060	\$25,140	\$0	\$428,492
9/30/26	\$65,819	\$96,370	\$76,181	\$111,540	\$54,122	\$24,460	\$0	\$427,829
9/30/27	\$68,137	\$93,572	\$78,863	\$108,303	\$55,204	\$23,750	\$0	\$427,951
9/30/28	\$70,918	\$90,677	\$82,082	\$104,951	\$56,308	\$23,015	\$0	\$428,809
9/30/29	\$74,163	\$87,663	\$85,837	\$101,462	\$57,434	\$22,250	\$0	\$428,358
9/30/30	\$76,944	\$84,511	\$89,056	\$97,814	\$58,583	\$21,450	\$0	\$428,645
9/30/31	\$80,188	\$81,241	\$92,812	\$94,030	\$59,755	\$20,620	\$0	\$428,622
9/30/32	\$83,433	\$77,833	\$96,567	\$90,085	\$60,950	\$19,755	\$0	\$428,291
9/30/33	\$86,678	\$74,287	\$100,322	\$85,981	\$62,169	\$18,855	\$0	\$428,652
9/30/34	\$90,386	\$70,603	\$104,614	\$81,717	\$63,412	\$17,920	\$0	\$427,658
9/30/35	\$93,630	\$66,761	\$108,370	\$77,271	\$64,680	\$16,945	\$0	\$428,356
9/30/36	\$97,802	\$62,782	\$113,198	\$72,665	\$65,974	\$15,935	\$0	\$427,653
9/30/37	\$101,510	\$58,626	\$117,490	\$67,854	\$67,293	\$14,880	\$0	\$427,597
9/30/38	\$105,682	\$54,311	\$122,318	\$62,861	\$68,639	\$13,785	\$0	\$428,140
9/30/39	\$110,317	\$49,820	\$127,683	\$57,663	\$70,012	\$12,645	\$0	\$427,235
9/30/40	\$114,489	\$45,131	\$132,511	\$52,236	\$71,412	\$11,455	\$0	\$427,931
9/30/41	\$119,587	\$40,266	\$138,413	\$46,604	\$72,841	\$10,220	\$0	\$427,132
9/30/42	\$124,222	\$35,183	\$143,778	\$40,722	\$74,297	\$8,930	\$0	\$426,888
9/30/43	\$129,321	\$29,904	\$149,679	\$34,611	\$75,783	\$7,590	\$0	\$427,151
9/30/44	\$134,883	\$24,408	\$156,117	\$28,250	\$77,299	\$6,195	\$0	\$426,875
9/30/45	\$140,445	\$18,675	\$162,555	\$21,615	\$78,845	\$4,740	\$0	\$426,059
9/30/46	\$146,008	\$12,706	\$168,992	\$14,706	\$80,422	\$3,225	\$0	\$427,706
9/30/47	\$152,960	\$6,501	\$177,040	\$7,524	\$82,030	\$1,650	\$0	\$428,038
Total	\$2,546,153	\$2,332,964	\$2,899,694	\$1,905,663	\$1,744,752	\$424,655	(\$92,428)	\$11,761,454

1 – The 9/30/XX dates represent the fiscal year end for the Bonds

2 – The interest is calculated using a 4.25% interest rate on the Improvement Area #3 Bonds (relating to Phase #3B). Amounts shown for years 2021 and prior were paid under the Improvement Area #2 Reimbursement Agreement (relating to Phase #3B).

3 – The interest is calculated using a 4.25% interest rate on the Improvement Area #3 Bonds (relating to Phase #2B-1).

4- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

5- Annual Installment does not include any TIRZ Credit.

Appendix I-2
Improvement Area #3 Assessment Roll (Phase #3B Only)

**Parcel
Equivalent Units
Assessment**

**All Parcels
92.66
\$2,546,153**

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest	Total Annual Installment⁵
9/30/19	\$0	\$229,408	\$20,000	\$0	\$0	\$249,408
9/30/20	\$19,289	\$229,408	\$20,400	\$0	\$0	\$269,097
9/30/21	\$21,558	\$227,670	\$20,808	\$0	\$0	\$270,037
9/30/22	\$55,622	\$79,857	\$23,176	\$12,527	\$0	\$171,181
9/30/23	\$58,403	\$104,112	\$23,639	\$12,248	\$0	\$198,402
9/30/24	\$60,721	\$101,629	\$24,112	\$11,956	\$0	\$198,419
9/30/25	\$63,038	\$99,049	\$24,594	\$11,653	\$0	\$198,334
9/30/26	\$65,819	\$96,370	\$25,086	\$11,338	\$0	\$198,613
9/30/27	\$68,137	\$93,572	\$25,588	\$11,009	\$0	\$198,306
9/30/28	\$70,918	\$90,677	\$26,100	\$10,668	\$0	\$198,362
9/30/29	\$74,163	\$87,663	\$26,622	\$10,313	\$0	\$198,760
9/30/30	\$76,944	\$84,511	\$27,154	\$9,942	\$0	\$198,551
9/30/31	\$80,188	\$81,241	\$27,697	\$9,558	\$0	\$198,684
9/30/32	\$83,433	\$77,833	\$28,251	\$9,157	\$0	\$198,673
9/30/33	\$86,678	\$74,287	\$28,816	\$8,740	\$0	\$198,520
9/30/34	\$90,386	\$70,603	\$29,393	\$8,306	\$0	\$198,687
9/30/35	\$93,630	\$66,761	\$29,980	\$7,854	\$0	\$198,226
9/30/36	\$97,802	\$62,782	\$30,580	\$7,386	\$0	\$198,550
9/30/37	\$101,510	\$58,626	\$31,192	\$6,897	\$0	\$198,224
9/30/38	\$105,682	\$54,311	\$31,815	\$6,390	\$0	\$198,198
9/30/39	\$110,317	\$49,820	\$32,452	\$5,861	\$0	\$198,450
9/30/40	\$114,489	\$45,131	\$33,101	\$5,310	\$0	\$198,030
9/30/41	\$119,587	\$40,266	\$33,763	\$4,737	\$0	\$198,353
9/30/42	\$124,222	\$35,183	\$34,438	\$4,139	\$0	\$197,983
9/30/43	\$129,321	\$29,904	\$35,127	\$3,518	\$0	\$197,870
9/30/44	\$134,883	\$24,408	\$35,829	\$2,871	\$0	\$197,992
9/30/45	\$140,445	\$18,675	\$36,546	\$2,197	\$0	\$197,864
9/30/46	\$146,008	\$12,706	\$37,277	\$1,495	\$0	\$197,485
9/30/47	\$152,960	\$6,501	\$38,022	\$765	\$0	\$198,248
Total	\$2,546,153	\$2,332,964	\$841,558	\$196,835	\$0	\$5,917,507

1 – The 9/30/XX dates represent the fiscal year end.

2 – The interest is calculated using a 4.25% interest rate. Amounts shown for years 2021 and prior were paid under the Improvement Area #2 Reimbursement Agreement (relating to Phase #3B).

3 – Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 – Annual Installment does not include any TIRZ Credit.

Appendix I-2-A
Assessment Roll Summary - Phase #3B
2021-22

Parcel	Estimated No. of units	Lot Type	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Administrative Expense	TIRZ Credit	Annual Installment
757670	0	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
757669	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757668	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757667	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757666	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757665	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757664	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757663	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757662	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757661	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757660	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757659	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757658	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757657	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757656	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757655	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757654	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757653	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757652	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757651	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757650	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757649	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757648	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757647	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757646	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757645	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757644	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757643	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757642	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757641	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757640	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757639	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757638	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757637	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757636	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757635	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757634	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757633	1	50	0.76	\$20,548.59	\$204.74	\$1,851.43	\$172.24	\$0.00	\$2,228.41
757632	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757631	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757630	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757629	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757628	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757627	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757626	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757625	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757624	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757623	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757622	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757621	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757620	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757619	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757618	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757617	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757616	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757615	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757614	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88

Parcel	Estimated No. of units	Lot Type	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Adminstrative Expense	TIRZ Credit	Annual Installment
757613	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757612	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757611	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757610	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757609	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757608	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757607	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757606	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757605	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757604	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757603	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757602	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757601	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757600	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757599	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757598	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757597	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757596	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757595	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757594	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757593	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757592	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757591	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757590	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757589	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757588	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757587	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757586	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757585	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757584	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757583	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757582	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757581	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757580	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757579	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757578	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757577	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757576	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757575	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757574	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757573	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757572	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757571	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757570	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757569	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757568	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757567	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757566	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757565	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757564	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757563	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757562	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757561	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757560	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757559	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757558	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757557	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757556	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757555	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757554	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757553	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88

Parcel	Estimated No. of units	Lot Type	Total Equivalent Units	Total Outstanding Assessment	Principal	Interest	Administrative Expense	TIRZ Credit	Annual Installment
757552	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757551	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757550	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757549	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757548	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757547	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757546	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757545	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757544	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757543	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757542	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757541	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757540	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757539	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757538	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757537	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757536	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757535	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757534	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757533	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757532	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
757531	1	40	0.65	\$17,574.45	\$175.11	\$1,583.46	\$147.31	\$0.00	\$1,905.88
Total	139		92.66	\$2,505,305.64	\$24,962.28	\$225,728.04	\$21,000.00	\$0.00	\$271,690.32

Appendix I-3
Improvement Area #3 Assessment Roll (Phase #2B-1 Only)

**Parcel
Equivalent Units
Assessment**

**All Parcels
72.09
\$2,899,694**

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest	Total Annual Installment⁵
9/30/22	\$64,378	\$92,428	\$26,824	\$14,498	(\$92,428)	\$105,701
9/30/23	\$67,597	\$120,501	\$27,361	\$14,177	\$0	\$229,635
9/30/24	\$70,279	\$117,628	\$27,908	\$13,839	\$0	\$229,654
9/30/25	\$72,962	\$114,641	\$28,466	\$13,487	\$0	\$229,556
9/30/26	\$76,181	\$111,540	\$29,035	\$13,122	\$0	\$229,879
9/30/27	\$78,863	\$108,303	\$29,616	\$12,741	\$0	\$229,523
9/30/28	\$82,082	\$104,951	\$30,208	\$12,347	\$0	\$229,589
9/30/29	\$85,837	\$101,462	\$30,813	\$11,937	\$0	\$230,049
9/30/30	\$89,056	\$97,814	\$31,429	\$11,508	\$0	\$229,807
9/30/31	\$92,812	\$94,030	\$32,057	\$11,062	\$0	\$229,961
9/30/32	\$96,567	\$90,085	\$32,699	\$10,598	\$0	\$229,949
9/30/33	\$100,322	\$85,981	\$33,353	\$10,115	\$0	\$229,771
9/30/34	\$104,614	\$81,717	\$34,020	\$9,614	\$0	\$229,965
9/30/35	\$108,370	\$77,271	\$34,700	\$9,091	\$0	\$229,431
9/30/36	\$113,198	\$72,665	\$35,394	\$8,549	\$0	\$229,806
9/30/37	\$117,490	\$67,854	\$36,102	\$7,983	\$0	\$229,429
9/30/38	\$122,318	\$62,861	\$36,824	\$7,395	\$0	\$229,399
9/30/39	\$127,683	\$57,663	\$37,560	\$6,784	\$0	\$229,690
9/30/40	\$132,511	\$52,236	\$38,312	\$6,145	\$0	\$229,205
9/30/41	\$138,413	\$46,604	\$39,078	\$5,483	\$0	\$229,578
9/30/42	\$143,778	\$40,722	\$39,859	\$4,791	\$0	\$229,150
9/30/43	\$149,679	\$34,611	\$40,657	\$4,072	\$0	\$229,019
9/30/44	\$156,117	\$28,250	\$41,470	\$3,324	\$0	\$229,160
9/30/45	\$162,555	\$21,615	\$42,299	\$2,543	\$0	\$229,011
9/30/46	\$168,992	\$14,706	\$43,145	\$1,730	\$0	\$228,574
9/30/47	\$177,040	\$7,524	\$44,008	\$885	\$0	\$229,457
Total	\$2,899,694	\$1,905,663	\$903,197	\$227,820	(\$92,428)	\$5,843,948

1 – The 9/30/XX dates represent the fiscal year end.

2 – The interest is calculated using a 4.25% interest rate on the Improvement Area #3 Bonds (relating to Phase #2B-1).

3 – Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 – Annual Installment does not include any TIRZ Credit.



Date: 12/07/2021
Agenda Item #: 7. B.
Department: Development Services
Strategic Goal: Promote and expand Little Elm's identity
Staff Contact: Fred Gibbs, Director of Development Services

AGENDA ITEM:

Hold a Public Hearing, Present, Discuss, and Consider Action on **Ordinance No. 1651 Regarding a Proposed Text Amendment to Chapter 106, Zoning Ordinance, by Amending Sec.106.04.02 Lakefront District, in Order to Clarify Height Requirements.**

Open Public Hearing:

Receive Public Comments:

Close Public Hearing:

Take Action on Ordinance No. 1651:

DESCRIPTION:

In 2008 the Town adopted a Comprehensive Plan that identified the desire to provide a mix of housing opportunities, create a pedestrian friendly street environment, encourage nonhomogeneous residential and commercial developments, and introduce urban design that would promote the implementation of small town design guidelines in order to maximize desirability and aesthetic appeal throughout the Town. The top priority identified in the 2008 Comprehensive Plan was the establishment of a form-based Town Center zoning district and incorporate quality design standards. Over the next several years the Town adopted form-based code (2009) and initiated several rezonings (2008, 2011, and 2017) in order to establish and ultimately expand the Town Center district, now known as Section 106.04.02 - Lakefront District. The purpose of Section 106.04.02 - Lakefront District is to establish a pedestrian-oriented lakefront to serve as the civic and cultural heart of the town. The Lakefront District establishes the goals and visions for the area, and outlines development standards necessary to guide future development toward meeting the intent of the district. It also establishes a major and minor waiver process to allow flexibility and developer creativity.

Major waivers are major changes to the design standards or changes which may appear to be in conflict with the goals and intent of the district. Major waivers may only be approved by the Town Council, following a recommendation by the Planning and Zoning Commission, in conjunction with a decision on an application for approval of a Regulating Plan or Site Plan. Major waivers include:

- Required retail construction
- Building height for non-landmark buildings
- Exceeding the maximum leasable retail area
- Residential at-grade design standards
- Parking requirements
- Parking garage design standards

In order to approve a major waiver, the Town Council must find that the waiver:

- Meets the general intent of this district, and
- Is consistent with the overall plan and vision for the district, and
- Will result in an improved project which will be an attractive contribution to the Lakefront District

Currently, the development standards provide a height requirement that is challenging for staff to interpret and enforce.

Building form.

Buildings shall not exceed four stories except where adjacent to Eldorado, which may be up to seven stories provided that views of the lake are not significantly blocked for neighboring development. Additional height along Eldorado may be allowed at specific locations by minor waiver.

Additionally, the existing story definition and building height requirements do not assign an actual height measurement. Understanding the definition of the height measurement and assigning an actual measurement in feet within the district standards would help Staff to better enforce the intent of the district.

Since the district's adoption, there have only been a few developments within the designated area that have gone through the approval process, following the district's requirements. As the Town continues to grow, Staff anticipates more development applications within the Lakefront District. Staff requested guidance from Town Council on November 16th, 2021 in order to establish consistency in how the height requirement is to be interpreted and enforced moving forward. Through work session discussion, it was indicated that the maximum allowable height should be reduced to three stories, or 45 feet in height, with an option for additional height through the major waiver process, and a provision of a line of sight study should be required, showing how much the proposed building would interfere with views to the lake from off site.

In order to make these changes, Staff is proposing to amend Section 106.04.02 - Lakefront District by modifying the definition of a story under Division 2. - Definitions, requiring a major waiver for any building height increase under Division 3. - General District Standards, and revising the height requirement under Division 4. - Buildings, as follows:

Division 2. - Definitions

Story.

That portion of a building, other than a basement, included between the surface of any floor and the surface of the floor next above it, or if there is no floor above it, then the space between the floor and the ceiling above the floor of such story. This includes any mezzanine or loft which may comprise only a portion of a full floor plate. A standard story may range from 10 feet to 16 feet depending on the use.

Division 3. - General Building Standards; (f) *Waivers of design standards.*

Remove "increased building height for 'landmark' buildings" from the list of minor waivers and revise the major waivers list to generally include "building height."

Division 4. - Buildings; (c) Building standards.

Building form.

Buildings shall not exceed *three stories, or 45 feet, in height*; additional height along Eldorado Parkway may be allowed at specific locations by *major* waiver.

Division 9. - Lakefront Procedures; (d) Site plan.

(2) A site plan application must include the following information and documents that demonstrate compliance with the Lakefront Code:

- a. Detailed site plan showing proposed streets, buildings, parking areas, and landscaped areas;
- b. Proposed uses;
- c. Building elevations and sections, *along with a line of sight study referencing how the development will impact the views of the lake from off site*;
- d. Proposed parking calculations;
- e. Any waivers being requested;

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff recommends approval of the proposed text amendment.

Attachments

Ordinance No. 1651

TOWN OF LITTLE ELM

ORDINANCE NO. 1651

AN ORDINANCE OF THE TOWN OF LITTLE ELM, TEXAS, AMENDING CHAPTER 106, "ZONING," OF THE TOWN'S CODE OF ORDINANCES THROUGH TEXTURAL CHANGES TO SECTION 106.04.02 – LAKEFRONT DISTRICT, OF THE ZONING ORDINANCE; PROVIDING A PENALTY; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the zoning ordinance ("**Zoning Ordinance**") of the Town of Little Elm, Texas ("**Town**"), is contained in Chapter 106 of the Town of Little Elm's Code of Ordinances ("**Code**"); and

WHEREAS, Town staff recommended that the Zoning Ordinance be amended in Section 106.04.02 – Lakefront District, via proposed textual changes to the Zoning Ordinance; and

WHEREAS, Town Council and the Planning & Zoning Commission of the Town of Little Elm, in compliance with the laws of the State of Texas and the ordinances of the Town of Little Elm, have given the required notices and held the required public hearings and afforded a full and fair hearing regarding the adoption of the proposed Zoning Ordinance amendments; and

WHEREAS, at its regular meeting held on December 2, 2021 the Planning & Zoning Commission considered and made recommendations on the proposed Zoning Ordinance amendments, (Case No. ZOA-21-06657); and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning & Zoning Commission and any other information and materials received at the public hearing, the Town Council of the Town of Little Elm, Texas, has determined that the request would be in the interest of public health, safety and welfare of the citizens of the Town of Little Elm.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:

SECTION 1. INCORPORATION OF PREMISES. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

SECTION 2. ADOPTION OF AMENDED ZONING ORDINANCE SECTION. That Ordinance No. 226 of the Town of Little Elm, Texas, as amended, is hereby repealed and amended by and through the adoption of the amended Section 106.04.02 – Lakefront District of the Zoning Ordinance, attached hereto, which amended Zoning Ordinance is hereby adopted.

SECTION 3. SAVINGS. This Ordinance (which includes the New Zoning Ordinance) shall be cumulative of all other ordinances of the Town, and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance; provided, however, that any complaint, notice, action, cause of action, or claim which prior to the effective date of this Ordinance has been initiated or has arisen under or pursuant to such other ordinance(s) shall continue to be governed by the provisions of that ordinance or those ordinances, and for that purpose that ordinance or those ordinances shall be deemed to remain and shall continue in full force and effect.

SECTION 4. PENALTY. Any person, firm, or corporation violating any of the provision of this Ordinance shall be punished by a penalty of a fine not to exceed the sum of Two Thousand Dollars (\$2,000) for each offense and each and every day such offense shall continue shall be deemed to constitute a separate offense.

SECTION 5. SEVERABILITY. The sections, paragraphs, sentences, phrases, and words of this Ordinance are severable, and if any section or provision of this ordinance or the application of that section or provision to any person, firm, corporation, situation or circumstance is for any reason judged invalid or unconstitutional, the adjudication shall not affect any other section or provision of this Ordinance or the application of any other section or provision to any person, firm, corporation, situation or circumstance, nor shall adjudication affect any other section or provision of the New Zoning Ordinance of the Town of Little Elm, Texas, and the Town Council hereby declares that it would have adopted the valid portions and applications of this Ordinance (which includes the New Zoning Ordinance) without the invalid parts and to this end the provisions of this Ordinance shall remain in full force and effect.

SECTION 6. REPEALER. That all ordinances of the Town of Little Elm in conflict with the provisions of this Ordinance are hereby repealed to the extent of that conflict.

SECTION 7. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its adoption in accordance with and as provided by law and the Town Charter.

PASSED AND APPROVED by the Town Council of the Town of Little Elm, Texas on the 7th day of December, 2021.

The Town of Little Elm, Texas

Curtis Cornelious, Mayor

ATTEST:

Caitlan Biggs, Town Secretary

ATTACHMENT – AMENDED SECTION OF THE ZONING ORDINANCE

Sec. 106.04.02 Lakefront District.

DIVISION 1. PURPOSE, GOALS AND INTENT

(a) *Purpose.*

The purpose of the Lakefront District is to implement the adopted recommendations of the comprehensive plan by establishing a pedestrian-oriented lakefront which will serve as the civic and cultural heart of the town for generations.

(b) *Goals.* The goals of this Code are:

- (1) To build on the town's targeted "lakeside community character," with built form and materials that are reminiscent of lakefront communities.
- (2) Make the sustainable through:
 - a. Providing for integrated mixed use;
 - b. Embodying LEED-ND (Leadership in Energy and Environmental Design Neighborhood Development) principles; and
 - c. Assuring pedestrian and bicycle friendliness;
- (3) To provide development and land use flexibility within the framework of a form-based development code;
- (4) To provide a mix of residential, retail and office uses in a pedestrian and bicycle-friendly environment; and
- (5) To encourage high quality development through providing a balance of development standards and expeditious administrative approvals for projects which meet the intent of this Code.

(c) *Intent.* The intent of this Code is:

- (1) To provide a comfortable and attractive environment for pedestrians, which include such things as buildings framing public space, interesting street walls, street trees, lighting and street furniture;
- (2) To construct buildings close to the sidewalk and street;
- (3) To construct continuous building frontage along block faces except where it is desirable to provide for pedestrian and auto pass-through to parking at mid block;
- (4) To provide shared parking that will benefit the entire district;
- (5) To encourage the use of public parks and plazas as a focus for mixed use developments;
- (6) To design and build flexible buildings that can accommodate a range of uses over time;
- (7) To design streets, access lanes and buildings that will provide a high level of connectivity between parcels and projects for pedestrians, bicycles and autos; and
- (8) To create a safe multi-modal mixed use environment.

(Ord. No. 1407, § 2, 8-15-2017)

DIVISION 2. DEFINITIONS

The following definitions shall apply within the Lakefront Code.

Access lane. Any on-site drive or lane intended to accommodate autos or pedestrians.

Charleston house. This is a house that is built close to the front sidewalk but also has one building edge adjacent to a shared property line, thereby creating a useable side yard. (See table 1 Building Disposition) A double Charleston house is two single-family Charleston houses which share a common wall (and property line).

Review committee. A committee constituted by the town to advise the director on major development waivers. (See section 106.04.02, "Lakefront District - division 9(b) review process")

Building facade, primary. Any facade that faces a public street or open space.

District. The entire area covered by the lakefront code.

Entry, primary. The main entry to a building on a block face. There must be at least one main building entry for each ground floor use, tenant or lobby on each block face which contains the use or tenant.

Flats. Urban apartments located in a pedestrian friendly mixed use development, and usually positioned above the ground floor.

Landmark buildings. Buildings which are located on axis with a terminating street or at the intersection of streets. Such buildings shall incorporate architectural features which address height and articulation that emphasize the importance of such a location.

Live-work. A fee-simple dwelling unit that contains, to a limited extent, a separate commercial component on the ground floor. It is in the form similar to a townhouse or store with residential quarters above or behind the commercial use.

Loft. A flexible residential space which may be partially used for an artist or design studio, and which is characterized by higher than normal ceilings, open floor plans and often, exposed duct work.

Loft, mixed use. A mixed use building that includes a majority of residential use such as lofts, apartments, condominiums and offices, but contains nonresidential use in a portion of the ground floor.

Major thoroughfare. This refers to the ultimate configuration of Eldorado Parkway.

Parking, shared. Parking which is shared by tenants, visitors and the general public. Hours of availability and use may be further defined in cooperation with the town.

Patio house. This refers to a home which occupies the boundary of the lot while defining one or more private patios. (See Table 1 Building Disposition)

Regulating plan. A plan that governs the development of a multi-phased project area as defined in. (See section 106.04.02, "Lakefront District - division 9(c) regulating plan")

Retail use. For the purposes of the Lakefront Code, retail use is defined as a business having as its primary function, the supply of merchandise or wares to the end consumer. Such sales constitute the "primary function of the business when sales equal at least 80 percent of the gross sales of the business.

Stacked flat. A condominium, apartment or loft which is part of a building of similar units. Flats located on the ground floor must still meet the requirements for direct front door access to a stoop and a public sidewalk.

Stoop. A structure that is located approximately at the level of the first floor of the structure and intended to provide access to a residential unit.

Story. That portion of a building, other than a basement, included between the surface of any floor and the surface of the floor next above it, or if there is no floor above it, then the space between the floor and the ceiling above the floor of such story. This includes any mezzanine or loft which may comprise only a portion of a full floor plate. **A standard story may range from 10 feet to 16 feet depending on the use.**

Streetscape. The urban element that establishes the major part of the public realm. The streetscape is composed of thoroughfares (travel lanes for vehicles and bicycles, parking lanes for cars, and sidewalks or paths

for pedestrians) as well as the visible private frontages (building facades and elevations, porches, yards, fences, awnings, etc.), and the amenities of the public frontages (street trees and plantings, benches, streetlights, etc.).

Lakefront engineering and landscape standards. Any approved town standards which govern such items as street, streetscape, drainage, signage and other public improvements in the Lakefront District.

Town manager. The town manager of the Town of Little Elm or his designee.

Townhouse. An attached dwelling unit located on a platted lot which shares at least one common wall with another such unit. Townhouses are grouped together in clusters of three to six units.

Urban design officer (UDO). The planning manager shall serve as the urban design officer for the Lakefront District.

Waiver to design standards, major (major waiver). A significant change to the standards of this Code, as identified in the district regulations and requiring planning and zoning commission and town council approval. (See section 106.04.02, "lakefront district division 3(g) and 9(e) regarding waivers of design standards")

Waiver to design standards, minor (minor waiver). A minor change to the standards of this Code that is not contrary to the stated goals and intent of the district. (See section 106.04.02, "lakefront district division 3(g) and 9(e) regarding waivers of design standards")

(Ord. No. 1407, § 2, 8-15-2017)

DIVISION 3. GENERAL DISTRICT STANDARDS

(a) *Building and land use.*

Intent. It is intended that allowed uses will encourage pedestrian-oriented mixed use projects that are well integrated with retail and residential activities.

- (1) Retail, personal service, residential and office uses shall be allowed throughout the district in accordance with the list of authorized uses set forth in appendix 1 Lakefront Land Use. Uses which are not specifically authorized require a major waiver.
- (2) Where "required retail at-grade construction" is designated on the conceptual framework plan, the ground floor adjacent to the street should be constructed to retail building standards for a depth of at least 50 feet, however a smaller depth may be allowed if the retail is serving as a "liner" use which is masking a parking garage, by minor waiver.
- (3) All changes to access drives require a minor waiver.

(b) *Block face.*

Intent. It is intended that building walls should be continuous along block faces to create a strong edge to the street and contribute to creating an attractive and active pedestrian environment, with allowance for some limited variation and opportunities for outside dining, pocket parks and special building entry features. Buildings should also be constructed close to the street to provide a sense of enclosure.

It is also intended that blocks be as short as practical to both support pedestrian access/walkability and to facilitate the process of renewal and regeneration of buildings and frontages over the long term.

- (1) Continuous building frontage will be considered to be met if 80 percent or more of the primary building facade is located within 15 feet of the right-of-way or build-to line designated on an approved plan. This shall apply to each phase of development unless otherwise approved. However, administrative approval of a minor waiver will permit down to 70 percent, provided that the reduction results in an attractive outdoor dining area, building entry feature or other amenity which contributes to the streetscape. A greater reduction shall require approval of a major waiver.

-
- (2) Facades shall generally be built parallel to the street frontage, except at street intersections, where a facade containing a primary building entrance may be curved or angled toward an intersection.
- (3) Build-to lines.
- a. Build-to lines shall be measured from the planned street right-of-way or public easement, as established on the approved regulating plan and the standards in this chapter. The entire area between the back-of-curb and the primary building facade shall be dedicated as public right-of-way or have a public access easement placed upon it.
 - b. Exterior steps, stoops, chimneys, and bay windows may encroach beyond the build-to line by two feet, but not into a public right-of-way. Balconies ten feet or more above the sidewalk may encroach up to six feet including a public right-of-way or access lane.
 - c. Awnings may encroach above the public sidewalk without limit, but may not extend into a vehicular roadway or accessway.
- (c) *Streets; intent.* It is the intent that public and private streets and accessways provide a framework that will facilitate the movement of pedestrians and autos in an attractive environment, and provide for incremental long term revitalization and redevelopment of parcels to meet changing market sector needs. All streets and blocks in the Lakefront Code shall conform to the provisions of this section.
1. *Street standards.* Standards for streets within the district shall be approved as part of a regulating plan and shall be in generally conformity with appendix 2 thoroughfare assemblies.
 2. *Street pattern.* The pattern of all streets in the project area shall be based upon a small scale grid system of interconnecting streets, and shall connect to adjoining nonsingle-family properties.
- (d) *Streetscape and landscape; intent.* It is the intent to both encourage and require streetscape and landscaping that reinforces the lakefront character of Little Elm as envisioned in the Comprehensive Plan. It is also the intent to create comfortable pedestrian environments and lower summer ambient temperature by shading sidewalks, parking areas and drive lanes.
1. *Streetscape standards.* Shade trees are required along all public street rights-of-way, either within the ROW or immediately adjacent at an average of 20 feet on center.

Where buildings are not adjacent to the sidewalk, a second row of trees shall be provided in place of a building wall unless adjacent to a plaza or pocket park or approved by minor waiver as a temporary condition.
 2. *Site landscaping* shall include drought tolerant grasses and shrubs as listed in the town's list of approved plant materials.
 3. *Residential ground floor frontages* shall be required to landscape a minimum of five feet between the edge of sidewalk and the primary building facade, excluding access to sidewalks, stairs, stoops, porches and patios. This area may be landscaped with ground cover, low shrubs, ornamental trees and street trees. In addition, street tree wells may also be landscaped. Landscaping for tree wells is limited to ground cover and low shrubs.
- (e) *Transition from single-family zoning.* On any property in the Lakefront District which shares a lot line with a single-family zoned property:
- (1) The setback shall be a minimum of 20 feet from the property line, and
 - (2) Maximum building height within 50 feet shall be 35 feet. Beyond 50 feet, the height shall increase at a rate of one foot for each foot the building is set back, to the maximum allowed number of stories.
- (f) *Waivers of design standards.* The following waivers are authorized within the Code, subject to the procedures in division 9E and as otherwise specified in this Code.

Minor waivers include:

- Requirement to line a parking garage with buildings
- Requirement for continuous building frontage
- Establishment of build-to line
- Encroachment into the build-to line
- Residential landscape requirement
- ~~Increased building height for "landmark" buildings~~
- Design of buildings without tri-partite architecture
- Required frequency of building entries along a street edge
- Window detailing
- Exterior building and roof materials
- Exterior building color
- Retail at-grade design standards
- Landscape standards
- Location of bicycle parking
- Minor revisions to thoroughfare assemblies

Major waivers include:

- Required retail construction
- Building height ~~for non-landmark buildings~~
- Exceeding the maximum leasable retail area
- Residential at-grade design standards
- Parking requirements
- Parking garage design standards

(Ord. No. 1407, § 2, 8-15-2017)

DIVISION 4. BUILDINGS

- (a) *Intent.* The intent of this section is to create an attractive and active Lakefront Town style district; and the size, disposition, function and design of buildings play an important role in achieving that goal. This includes encouraging the appropriate use of:

- Landmark "lighthouse" elements
- Cementitious fiberboard siding in the form of planks or board and batten
- Metal or tile - (clay or cement) roofing material

It is also intended that commercial spaces are designed and constructed in a manner that allows flexibility to accommodate a range of uses over time in order to avoid the need to demolish and rebuild for successive uses. Buildings should directly contribute to the attractiveness, safety and function of the street and public areas. Buildings that accommodate retail at-grade should feature the retail activity over the building's architecture.

Buildings should be constructed in a manner, and with materials, that are highly durable and will continue to endure and be attractive over a long time, especially adjacent to public and pedestrian areas.

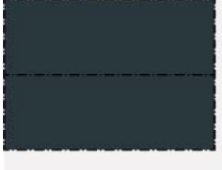
It is intended by this section, to encourage a variety of building and design solutions in response to the standards and regulations outlined herein.

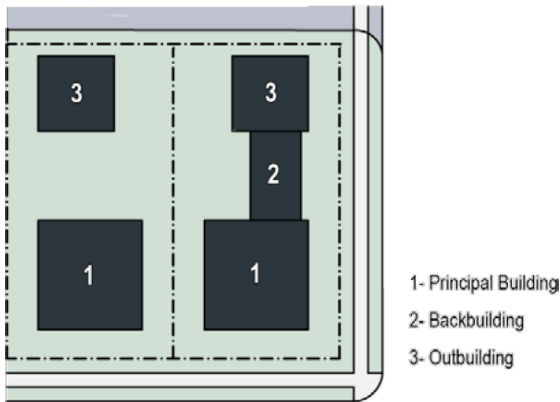
(b) *General building configuration.*

(1) *General building disposition.*

- a. Buildings shall be disposed in relation to the boundaries of their lots according to Table 1 Building Disposition.
- b. One principal building at the frontage and one outbuilding to the rear may be built on each lot. A back-building may be built between the principal building and the outbuilding on the side-frontage of corner lots as shown in Table 2 Building Location.
- c. Facades shall be built generally parallel or tangent to the principal frontage line. For lots having two frontages, the one along the more urban frontage of the two shall be the principal frontage unless otherwise determined by minor waiver.
- d. Single-Family outbuilding rear setbacks shall be a minimum of eight feet from the alley right-of-way to the garage door if there is one, or three feet to the building wall if not. Townhomes with rear patios and a detached garage may have a minimum setback of three feet. In the absence of a rear alley or lane, the rear setback shall be a minimum of three feet.
- e. Loading docks and service areas shall be permitted on frontages only when absolutely necessary, by minor waiver.

Building disposition. This table approximates the location of the structure relative to the boundaries of each individual lot, establishing suitable basic building types for each transect zone.

ARTICLE IV, TABLE B LAKEFRONT BUILDING DISPOSITION	
A. Side yard: Specific Types - Charleston House, Charleston Double House. A building that occupies one side of the Lot with the Setback to the other side. A shallow Frontage Setback defines a more urban condition. If the adjacent building is similar with a blank side wall, the yard can be quite private. This type permits systematic climatic orientation in response to the sun or the breeze. If a Side yard House abuts a neighboring Side yard House, the type is known as a twin or Charleston Double House. Energy costs, and sometimes noise, are reduced by sharing a party wall in this Disposition.	
B. Rear yard: Specific Types - Townhouse, Live-Work unit, loft building, Stacked Flats, Mixed Use Block, Flex Building. A building that occupies the full Frontage, leaving the rear of the Lot as the sole yard. This is a very urban type as the continuous Façade steadily defines the public Thoroughfare. The rear Elevations may be articulated for functional purposes. In its Residential form, this type is the Rowhouse. For its Commercial form, the rear yard can accommodate substantial parking. Garages may be attached or detached.	
C. Courtyard: Specific Types - Patio House. A building that occupies the boundaries of its Lot while internally defining one or more private patios. This is one of the most urban of types, as it is able to shield the private realm from all sides while strongly defining the public Thoroughfare. Because of its ability to accommodate incompatible activities, masking them from all sides, it is recommended for workshops, Lodging and schools. The high security provided by the continuous enclosure is useful for crime-prone areas.	
D. Urban: Specific Types - Stacked Flats, mixed use lofts, office, and retail. A building which occupies the entire site. This is the most urban type, and is common in downtowns. It can accommodate a wide range of functions.	



(c) *Building standards.*

(1) *Building form.*

- a. Buildings shall not exceed ~~four~~ three stories, or 45 feet, in height; ~~except where adjacent to Eldorado, which may be up to seven stories provided that views of the lake are not significantly blocked for neighboring development.~~ A additional height along Eldorado Parkway may be allowed at specific locations by ~~minor~~ major waiver.
- b. All buildings shall be designed and constructed in tri-partite architecture so that they have a distinct base, middle and top.
- c. Buildings which are located on axis with a terminating street or access lane or at the intersection of streets and/or access lanes shall be considered a landmark building. Such buildings shall be designed with landmark features which take advantage of that location, such as an accentuated entry and a unique building articulation which is off-set from the front wall planes and goes above the main building eave or parapet line.

(2) *Architectural features.* Where clearly visible from a public street, open space or access lane:

- a. *Roofs.* For buildings with hip, gable or mansard roofs (unless otherwise allowed by minor waiver):
 1. Allowed materials include standing seam, clay or concrete tile (barrel or Roman shape)
 2. Skylights and roof vents shall not be visible.
- b. Windows, except for retail at-grade, shall be vertical in proportion and have at least a three-inch reveal. Vertically proportioned windows which are joined together by a mullion shall be considered as meeting this standard.
- c. Each building and separate lease space at-grade along the street edge shall have a functioning primary entry from the sidewalk. Such entries must be inset from the front building plane by at least three feet. Functioning entries must be located no greater than 60 feet apart. Corner entries may count as a primary entry for both intersecting street frontages.

(3) *Exterior facade materials.* The following shall apply to all exterior walls of buildings and parking structures which are clearly visible from a public street, walkway or open space:

- a. *Allowed exterior materials.* Allowed exterior surface materials are categorized into three groups:
 1. Group A. Brick and stone.
 2. Group B. Stucco, architectural concrete block with integrated color, factory primed cementitious fiberboard (in the form of lap siding or board and batten). Cementitious fiberboard is limited to 20 percent of any facade.
 3. Group C. Accent; Metal, EIFS, wood and tile.
- b. *Prohibited exterior materials.* Prohibited exterior surface materials include cinderblock and aggregate finished surfaces.
- c. *Primary facades.* The following shall apply to all exterior walls of buildings which are clearly visible from a public street, open space, or active storefront:

Primary facades, excluding windows, doors, and other openings, shall be constructed of at least 80 percent group A materials and up to 20 percent group B materials. However, accent materials from group C may be allowed in limited application for architectural features.
- d. *Secondary facades.* The following shall apply to all exterior walls of buildings (15,000 square feet or larger) which are not clearly visible from a public street, open space or active storefront:

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1. Walls, excluding windows, doors, and other openings, shall be constructed of a minimum of 20 percent group A materials and up to 80 percent group B materials. However, the color of the walls shall match the primary facades.
 2. Wrapping the primary facade treatment. Secondary facades which are adjacent to the primary facade shall contain the primary facade treatment for at least ten percent of its area. This may occur as a simple continuation of the primary facade treatment, or elements such as cornices, bases and vertical elements. In all cases, however, wall surface materials shall wrap the corner.
 3. Walls which are constructed on a property line as one of a series of in-line buildings where the wall will become part of a common wall shall be subject to minor waiver approval and may include a greater distance of "wrapping" and more lenient use of other materials such as cinder block.
- e. *Two materials.* At least two materials shall be used on all exterior facades.
 - f. Windows and glazing shall be limited to a minimum of 30 percent and maximum of 70 percent of each building elevation (see 6.b below for special requirements for retail at-grade).
 - g. A variation of up to 15 percent of the standard above, and the material type may be approved by administrative approval of a minor waiver, provided that it is demonstrated that:
 1. The requested material use will result in achieving the town's architectural goals, and
 2. The change will result in an improved architectural design without degrading the quality of public areas or increasing the need for maintenance.
- (4) *Color.*
- a. The dominant color of all buildings (including any above-grade parking structures) shall be muted shades of color. Black and stark white shall not be used except as an accent color. There are no restrictions on accent colors which comprise less than one percent of the building face, except that florescent colors are prohibited.
 - b. Roof colors shall be a muted shade of cool gray, warm gray, brown or red.
- (5) *Residential at-grade.*
- a. All buildings which have residential unit floor plates within six feet of grade shall include a primary front door entrance into the unit which may be accessed from the sidewalk. Any change to this standard shall be considered a major waiver.
 - b. The entry shall be located a minimum of two feet above the sidewalk elevation and include a minimum 24 square foot stoop. If pre-empted by topographic conditions, the entry may be lowered in elevation, subject to approval of the director. However, up to 50 percent of units may be ADA accessible from the sidewalk provided there is a maximum four-foot largely transparent metal fence separating the private area from the public sidewalk area. Any change to this standard shall be considered a major waiver.
 - c. Units must also include windows which provide residents a view of the street or public access easement and sidewalk area. Any change to this standard shall be considered a minor waiver if pre-empted by topographic conditions.
 - d. Lobbies to upper stories may be located at-grade level.
 - e. Balcony and patio railings and fences shall be largely transparent and constructed of glass, wrought iron or metal. Masonry columns may be used on patios provided that they are used as accents. Wood fences and railings and chain-link fencing are prohibited.

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- f. Townhouses shall meet the town standards for that unit type.
- (6) *Nonresidential at-grade.*
- a. The ground floor entry must be located at the approximate elevation of the adjacent sidewalk.
 - b. Retail uses adjacent to the sidewalk at-grade shall:
 - 1. Be constructed to meet fire code separation from any other uses constructed above;
 - 2. Have a minimum clear height of 16 feet between finished floor and the bottom of the structure above. Mezzanines within the retail space shall be allowed per building code;
 - 3. Have an awning or canopy which extends at least six feet over the sidewalk for at least 75 percent of the frontage on any portion of the primary facade. Such awning or canopy shall maintain a minimum seven and one-half foot clearance over the sidewalk; and
 - 4. Have highly transparent glass windows for at least 60 percent, but no greater than 80 percent, of the ground floor facade.

(Ord. No. 1407, § 2, 8-15-2017)

DIVISION 5. PARKING AND ACCESSIBILITY

- (a) *Vehicle parking.*
- (1) *Intent.* The following is the intent of the town's parking policies and this Code:
- a. Support the creation of shared parking in order to enable visitors to park once at a convenient location and to access a variety of commercial enterprises in a pedestrian and bicycle-friendly environment.
 - b. Manage parking so that it is convenient and efficient, and supports an active and vibrant mixed use environment.
 - c. Ensure ease of access to parking.
 - d. Provide flexibility for changes in land uses which have different parking requirements within the district.
 - e. Provide flexibility for the redevelopment of small sites.
 - f. Avoid diffused, inefficient single-purpose reserved parking.
 - g. Avoid adverse parking impacts on residential neighborhoods.
 - h. Ensure that any parking structures do not dominate the public environment, by lining the edge of structures with residential or commercial uses where visible from public roads and open space.
- (2) *Parking requirements.* Off-street facilities shall be provided in accordance with this subsection.
- a. Off-street parking spaces for the applicable use classification shall meet the following minimum number of spaces in Table 3 Parking Calculations.
 - b. *Parking location.* All off-street surface parking shall be located at least 15 feet behind the front facade which faces on a street or public open space, and shall be accessed by alley or short driveway between buildings. Any change to this standard shall be considered a minor waiver.
 - c. *At-grade parking.* All at-grade parking lots fronting roadways shall be screened from view as outlined in division 3(e) streetscape and landscape and division 8 landscape of this Code. Landscaping of the internal surface parking area shall not be required unless it is planned to serve as long term parking. In which case, such long term surface parking areas shall meet the

requirements of division 7(e) parking lot landscape. For the purpose of this section, long term parking shall be determined by the director, and may include parking which has a likelihood of being in place for a period of seven years or more.

- d. *Parking calculations.* The shared parking factor for two functions, when divided into the sum of the two amounts as listed on the required parking table below, produces the effective parking needed for each site involved in sharing. Conversely, if the sharing factor is used as a multiplier, it indicates the amount of building allowed on each site given the parking available.

ARTICLE IV, TABLE C	
LAKEFRONT PARKING CALCULATIONS	
<i>Land Use</i>	<i>Minimum Parking Requirements</i>
Residential	1 space per bedroom, up to 2 spaces per dwelling
Lodging (hotel, inn)	1 space per bedroom
Office, Retail, Restaurant	1 space per every 400 square feet
Civic and Other uses	To be determined by minor waiver

ARTICLE IV, TABLE D				
LAKEFRONT SHARED PARKING FACTOR				
	Residential	Lodging	Office	Retail
Residential	1	1.1	1.4	1.2
Lodging (hotel, inn)	1.1	1	1.7	1.3
Office	1.4	1.7	1	1.2
Retail	1.2	1.3	1.2	1

* Parking requirements are based on at least 90 percent non-reserved stalls; otherwise, the requirement shall be 1/300 square feet for office, retail or restaurant use.

Note 1. Open space and civic space do not require parking.

Note 2. Active recreation or sports facilities parking requirements shall be determined by minor waiver.

Note 3. On-street parking shall not count toward meeting residential parking requirements.

- e. *Parking garages—Where approved.*
- Parking garages which are adjacent to a street shall be set back a minimum of 50 feet and lined with buildings containing any permitted use but parking.
 - Off-street below grade parking is permitted to the lot lines, but must be designed to allow planting of landscape as defined in division 7 landscape. No below grade parking beneath a building shall be visible from the sidewalk.
- f. *Shared parking.*
- Uses may join in establishing shared parking areas if it can be demonstrated that the parking for two or more specific uses occurs at alternating time periods, or where shared parking is massed and configured in a way that increases its efficient use. Required parking shall be determined by a parking analysis study approved by the director.
 - Shared parking shall be clearly designated with signs and markings.

(b) *Bicycle parking.*

- (1) *Goals.* Bicycle parking is required in order to encourage the use of bicycles by providing safe and convenient places to park bicycles.
- (2) *Required bicycle parking.* Bicycle parking shall be provided based on at least one space for every ten automobile parking spaces required as part of the base parking requirement in subsection (a)(2) above.
- (3) *Bicycle parking standards.*
 - a. *Location.*
 1. Required bicycle parking must be located within 50 feet of an entrance to the building. With approval of a minor waiver, bicycle parking may be located in the public right-of-way.
 2. Bicycle parking may be provided within a building, but the location must be easily accessible to bicycles.
 3. Any bicycle parking in the public right-of-way should be located within the band created by street trees and pedestrian street lights, however, it must be placed in a manner that avoids conflicts with pedestrian and vehicular paths.
 - b. *Signs.* If bicycle parking is not visible from the street, then a sign must be posted indicating the location of the bicycle parking facilities.
- (4) *Standards for bicycle rack types and dimensions.*
 - a. *Rack type.* Bicycle rack types and standards shall be approved by the town.
 - b. *Parking space dimensions.*
 1. Bicycle parking spaces must be at least six feet long and two feet wide, and in covered situations, the overhead clearance must be at least seven feet.
 2. An aisle for bicycle maneuvering must be provided and maintained beside or between each row of bicycle parking. This aisle must be at least five feet wide.
 3. Each required bicycle parking space must be accessible without moving another bicycle.
- (c) *Accessibility throughout the district area.* All parcels within a project area shall be platted and laid out in a manner that ensures connectivity for pedestrian and automobile movement both within the project and to adjacent nonsingle-family zoned properties.

DIVISION 6. LIGHTING AND MECHANICAL

- (a) *Intent.* It is the intent of this section to provide a level and consistency of lighting that supports pedestrian activity and promotes safety, and to reduce the visual impact of mechanical equipment on the public realm.
- (b) *Standards.*
 - (1) Average lighting levels within project areas should be approximately:
 - a. Urban Residential three foot-candles (fc);
 - b. Urban Retail six fc;
 - c. Parking areas 1.5 fc;
 - d. Street intersections three fc;
 - e. Street centerline 1.7 fc.

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- (2) Lighting elements shall be incandescent, metal halide, halogen or LED in a white spectrum light. No HID or fluorescent lights (except fluorescent bulbs that screw into standard socket fixtures) may be used on the exterior of buildings.
 - (3) All lighting shall be focused downward or narrowly focused on its intended target such as signs, parking and pedestrian walkways. No lighting source from a commercial activity shall be visible by a residential unit.
 - (4) The entire district shall utilize the basic fixtures and furnishings in the public areas as are approved by the town.
 - (5) Mechanical and electrical equipment, transformers, meters, garbage containers and loading areas shall meet town standards.

(Ord. No. 1407, § 2, 8-15-2017)

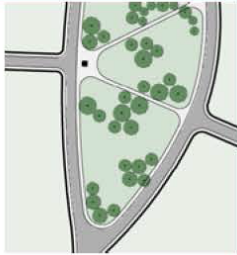
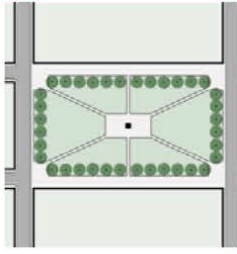
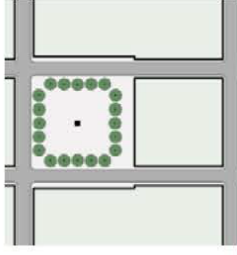
DIVISION 7. LANDSCAPE

- (a) *Intent.* Landscaping within the Lakefront Code shall comply with the provisions in this section, the town's list of approved plant materials and with the standards contained in article VI, part two, landscaping of the town's zoning ordinance. Where conflicts exist between this district and the zoning ordinance, the requirements in this district shall be applied.

It is the intent of this section to:

- (1) Support the Comprehensive Plan's goals for a Lakefront character;
 - (2) Provide the town with a unique and identifiable streetscape corridor;
 - (3) Contribute to pedestrian safety and comfort;
 - (4) Reduce the amount of solar heat gain in paved and hard surface areas.
- (b) *Street trees.*
 - (1) Street trees may be planted between the sidewalk and the curb. They may also be planted within three feet of a curb, sidewalk or other structure, provided that they are selected from the town's urban tree list.
 - (2) All required street trees shall be:
 - a. At least three-inch caliper;
 - b. Single trunk;
 - c. Limbed-up to six feet.
 - (c) *Plant material.* Front yards shall be landscaped except at building entries, seating areas and adjacent to commercial uses, where the front yard may be paved. Plant materials shall consist of shade trees, ornamental trees, shrubs, evergreen ground covers, vines, and seasonal color in conformity with the town's list of approve plant materials and article VI of the town's zoning ordinance. Applicants are encouraged to use palm trees or other hardy desert-type plants to enhance the lakefront character.
 - (d) *Paving material.*
 - (1) Paving material in front yards and on sidewalks shall be warm toned, natural materials such as brick, stone and concrete.
 - (2) Asphalt and gravel as paving materials are prohibited.
 - (e) *Parking lot landscape.*

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- (1) Surface parking lots shall be screened to a minimum height of 30 inches from all adjacent public streets and open space. The screen must extend along all edges of the parking lot and must be in conformity with screening standards set out in article VI, division 2, landscaping of the town's zoning ordinance. It may be accomplished through the use of masonry walls, ornamental metal, evergreen plant materials, or a combination thereof. Planting beds for screen planting shall be a minimum of four feet in width.
 - (2) Interior parking lot landscape shall also be consistent with article VI, division 2, landscaping of the town's zoning ordinance. However, parking lots shall not exceed eight spaces in a row without being interrupted by a landscaped island (nine-foot minimum). Islands shall be planted with a minimum of one shade tree for every eight vehicle spaces.
 - (3) No landscaping shall be required for the interior of structured parking facilities.
 - (f) *Detention/retention ponds.* Detention/retention ponds shall be designed in a manner as to be an amenity to the development and shall not require fencing.
 - (g) *Open space and landscaping for residential mixed use projects.*
 - (1) In lieu of the town's requirement for open space and trees for residential development, a green, square or plaza shall be provided and approved as part of the regulating or site plan. (See Table 4 Open Space)
 - (h) *Other landscape requirements.*
 - (1) The landscape point system shall not apply to projects within the Lakefront District.
 - (2) The requirement for a ten-foot landscape buffer between parcels shall not apply except where adjacent to single-family zoned property.

ARTICLE IV, TABLE E LAKEFRONT OPEN SPACE	
Green: An Open Space, available for unstructured recreation. A Green may be spatially defined by streets, landscaping and/or building frontages. Its landscape shall consist of lawn and trees.	
Square: An Open Space available for unstructured recreation and Civic purposes. A Square is spatially defined by building frontages or streets. Its landscape shall consist of paths, lawns and trees, formally disposed. Squares shall be located at the intersection of important Thoroughfares.	
Plaza: An Open Space available for Civic purposes and Commercial activities. A Plaza shall be spatially defined by building frontages. Its landscape shall consist primarily of pavement but include shade in the form of trees or structure. Plazas should be located at the intersection of important streets.	

DIVISION 8. SIGN STANDARDS

- (a) *Intent.* The intent of this section is to establish architectural controls, limit clutter and regulate commercial and locational signage. It is also intended to help enliven retail and restaurant mixed use areas. These standards should not be interpreted to prevent a for-sale sign, a political sign, or a noncommercial sign that is an exercise of noncommercial freedom of speech. Commercial and locational signage within the district are limited, regulated and controlled as provided in this Code, and all other signage shall be subject to the requirements of such town ordinances, rules and regulations that are in effect from time to time.
- (b) *Signs, general standards.*
 - (1) *General standards.*
 - a. Signage may only be externally lit with full-spectrum source, unless otherwise approved.
 - b. One address number, no more than six inches vertically, shall be attached to the building in proximity to the principal entrance.
- (c) *Prohibited signs.*
 - (1) The following signs shall not be allowed:
 - a. Off-premise signs;
 - b. Internally lit sign boxes;

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- c. Flashing or running light signs;
 - d. Pole signs;
- (2) Signs shall not be mounted on roofs or project above roof line without approval of a minor waiver, and it is determined to make a positive contribution to the district as a whole.
- (d) *Permitted signs.*
- (1) *Wall signs.*
- a. One wall sign per occupancy, per street frontage.
 - b. Maximum size is 30 square feet if located 12 feet or higher above grade; ten square feet if less than 12 feet above grade.
 - c. Minimum ten-foot distance between wall signs (excluding building identification sign or directory sign).
 - d. In addition, one wall-mounted sign, not exceeding six square feet in area, is permitted on any side or rear entrance open to the public. Such wall signs may only be lighted during the operating hours of business.
- (2) *Projecting and hanging signs, including graphic or icon signs, mounted perpendicularly to the wall.*
- a. A maximum of one per occupancy per building face.
 - b. A maximum area of six square feet per face; and a maximum of three feet in width.
 - c. Distance from the ground to the lower edge of the sign shall be seven and one-half feet or greater.
 - d. Minimum 15-foot distance between signs.
 - e. The height of the top edge of the signboard shall not exceed the height of the wall from which the sign projects, if attached to a single story building; or the height of the sill or bottom of any second story window, if attached to a multi-story building unless approved by minor waiver.
- (3) *Window signs.*
- a. The sign shall not exceed 30 percent of the window area.
 - b. Neon signs are allowed behind windows in commercial areas, but shall count toward the allowed window sign area.
- (4) *Building identification signs.*
- a. One per building face.
 - b. Must be 12 feet or higher above sidewalk level.
 - c. Maximum size 25 square feet.
 - d. Twenty-four-inch maximum height for letters or logos.
 - e. Applied letters shall be constructed of painted cast metal, bronze, brass, or anodized aluminum. Applied plastic letters are not permitted.
- (5) *Awning signs (for ground floor uses only).*
- a. One per occupancy per building face.
 - b. Minimum eight feet above sidewalk level for pedestrian clearance.

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- c. Ten square feet maximum sign area.
 - d. If acting as an auxiliary business sign, it shall be located on the valance only, and the height of the lettering shall not exceed four inches.
 - e. If acting as the main business sign, it shall not be in addition to a wall-mounted sign.
- (6) *Monument signs.*
- a. Monument signs shall only be allowed adjacent to the Eldorado right-of-way.
 - b. Architecturally compatible monument signs shall not exceed six feet in height or eight feet in length.
 - c. Vertically oriented monument signs may also be allowed by minor waiver where it is deemed that such signs will enliven the area.
- (7) *Building directory signs.*
- a. One per entrance.
 - b. The sign shall be located next to the entrance.
 - c. The sign shall project out from the wall to which it is attached no more than six inches.
 - d. The sign shall not extend above the parapet, eave or building facade.
 - e. Maximum size shall be eight square feet.
- (8) *Restaurants and cafes.*
- a. In addition to other signage, restaurants and cafes shall be permitted the following, limited to one of each type of sign per business:
 - b. A wall-mounted display featuring the actual menu as used at the dining table, to be contained within a shallow wood or metal case, and clearly visible through a glass front. The display case shall be attached to the building wall, next to the main entrance, at a height of approximately five feet, shall not exceed a total area of three square feet, and may be lighted.
 - c. An A-frame sidewalk sign displaying the name of the eatery, offerings and hours of operation.
 - d. Restaurant and retail areas may have a neon or special designed exterior sign, if approved by the CRC.

(Ord. No. 1407, § 2, 8-15-2017)

DIVISION 9. LAKEFRONT PROCEDURES

- (a) *Intent.* It is the intent of this section to off-set the high level of detailed standards in this Code with an expeditious approval of projects which meet its general goals and intent, and:
 - (1) To ensure adequate linkages and connections within and between project areas, and
 - (2) To ensure consistency and quality of design through use of professional review assistance.
- (b) *Review process.*
 - (1) A review committee ("committee") shall be established to provide guidance of interpretation of the Lakefront Code and make recommendations on significant issues that may arise. It is not intended to meet and review every administrative or legislative application that comes forward within the district.
 - The committee shall be comprised of the following:

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- Director of development services ("director")
 - Director of economic development ("EDC rep")
 - Planning manager (serving as "urban design officer" or "UDO")
 - Town engineer ("engineer")
 - A representative of the town council ("council liaison")
- (2) The urban design officer (UDO) shall serve as a technical advisor to the director and the committee. The UDO shall be the planning manager and a portion of the expense of the UDO's services will be borne by development fees paid to the town for development of land within the Lakefront District.
- (3) The director shall coordinate with the UDO and committee, and have staff administrative jurisdiction over any processes authorized under the Lakefront Code. The director of development services, the UDO and the committee shall be expeditious in their review and advance the permitting process by undertaking any action consistent with this code, state law, and the town Charter to facilitate the permitting process.
- (c) *Regulating plan.*
- (1) Approval of a regulating plan is required prior to approval of a site plan for any portion of a multi-phased project site area.
- (2) The regulating plan provides the framework for development and serves as a conceptual layout of a project area. It shall include such things as:
- a. Street and access lanes within the project area and connections to adjacent nonsingle-family zoned properties;
 - b. The location of general land use sites and for identification of retail at-grade;
 - c. Public open space and plazas; and
 - d. Hike and bike corridors and trails.
- (3) An application for a regulating plan shall be processed in accordance with the town's procedures for determining whether an application is complete. Following a determination of completeness, and unless the application is accompanied by a request for a major waiver, the director, or his designee, shall approve, approve with conditions or deny the application for a regulating plan and shall notify the applicant of his decision. In his deliberations, the director may consider a recommendation from the UDO.
- (4) Denial or conditional approval of a regulating plan by the director may be initially appealed to the planning and zoning commission and, following the recommendation of the commission, to the town council. The appeal shall be filed within 30 days of the date of the director's action on the application for approval of a regulating plan.
- (5) If the application includes a request for a major waiver, the director shall request a recommendation from the UDO and if appropriate the CRC, and schedule the application for hearing before the planning and zoning commission with his recommendation on the application. The planning and zoning commission, following a public hearing, shall forward its recommendation to the town council for hearing on the application and waiver request. The town council, following a public hearing, shall approve, approve with conditions or deny the application for a regulating plan and the major waiver request. The notice and hearing procedures for approval of a specific use permit shall be used to process the regulating plan and major waiver application.

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- (6) The director in making an initial decision on a regulating plan application, the planning and zoning commission in making recommendations to the town council, or the town council in deciding the application for regulating plan approval, shall determine whether the plan is consistent with the comprehensive plan and meets the goals and intent of the Lakefront Code.
- (d) *Site plan.*
- (1) Prior to obtaining a building permit, a site plan must be approved by the director or town council, demonstrating that the proposal meets the goals, intent and general standards contained in this Code.
- (2) A site plan application must include the following information and documents that demonstrate compliance with the Lakefront Code:
- Detailed site plan showing proposed streets, buildings, parking areas, and landscaped areas;
 - Proposed uses;
 - Building elevations and sections, **along with a line of sight study referencing how the development will impact the views of the lake from off site;**
 - Proposed parking calculations;
 - Any waivers being requested;
- (3) An application for a site plan shall be processed in accordance with the town's procedures for determining whether an application is complete. Following a determination of completeness, and unless the application is accompanied by a request for a major waiver, the director, or his designee, shall approve, approve with conditions or deny the application for a site plan and shall notify the applicant of his decision. In his deliberations, the director may consider a recommendation by the UDO.
- (4) Denial or conditional approval of a site plan by the director may be initially appealed to the planning and zoning commission and, following the recommendation of the commission, to the town council. The appeal shall be filed within 30 days of the date of the manager's action on the application for approval of a site plan.
- (5) If the application includes a request for a major waiver, the director shall request a recommendation from the UDO and if appropriate the CRC, and schedule the application for hearing before the planning and zoning commission with his recommendation on the application. The planning and zoning commission, following a public hearing, shall forward its recommendation to the town council for hearing on the application and waiver request. The town council, following a public hearing, shall approve, approve with conditions or deny the application for a site plan and the major waiver request. The notice and hearing procedures for approval of a specific use permit shall be used to process the site plan and major waiver application.
- (6) The director in making an initial decision on a site plan application, the planning and zoning commission in making recommendations to the town council, or the town council in deciding the application for site plan approval, shall determine whether the plan is consistent with the regulating plan for the property (if there is one), and meets the goals, intent and standards of the Lakefront Code.
- (e) *Waivers of design standards.*
- (1) For the purposes of this district, there shall be two types of waivers of design standards - minor and major. Requests for waivers shall not be subject to review or decision by the board of adjustment. A waiver request may only be made in conjunction with an application for a regulating plan, a site plan or subsequent to approval of a site plan.

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- (2) Minor waivers are those changes to design standards in the Lakefront Code that are determined to meet the goals and intent of this Code as stated in division 1 and throughout this Code. Minor waivers may be approved administratively by the director or his designee.
 - (3) Major waivers are major changes to the design standards in the Lakefront Code or which may appear to be in conflict with the goals and intent of this Code. Major waivers may only be approved by the town council, following a recommendation by the UDO and the planning and zoning commission, in conjunction with a decision on an application for approval of a regulating plan or site plan. In order to approve a major waiver, the town council must find that the waiver:
 - a. Meets the general intent of this district, and
 - b. Is consistent with the overall plan and vision for the district, and
 - c. Will result in an improved project which will be an attractive contribution to the Lakefront District.
 - (4) The town may impose conditions on granting any waiver in order to implement the regulating plan for the property or to mitigate negative impacts to neighboring properties or public streets or open space.
- (f) *Amendments to the regulating plan.*
- (1) Amendments to an approved regulating plan or site plan may be accomplished in the same manner as approval of the original approval, and may be accompanied by a request for major or minor waivers.
 - (2) An amendment to an approved regulating plan or site plan must be made prior to the time for lapse of approval provided in subsection (g) below. In the event an amended plan is approved, the approving authority amending the plan shall specify the time for lapse of such approval, consistent with subsection (g).
- (g) *Lapse of approval.* If a building permit has not been obtained within two years following approval of a regulating plan or site plan, such plan shall lapse unless the property owner requests an extension prior to the expiration of the two-year period. The request for extension shall be considered by the original approving authority in the same manner as for approval of the existing plan. The authority may grant an extension of the time for expiration of the plan for a period not to exceed two years from the date of expiration of the original application.
- Every request for extension shall include a statement of the reasons why the expiration date should be extended. The approving authority may grant a request for extension upon demonstration that circumstances beyond the control of the applicant have resulted in the applicant's inability to perform the tasks necessary to prevent the plan from expiring before the lapse date.
- (h) *Graphics incorporated into Code.* Any and all graphics from the approved form based codes document not supported by textual technological limitations are hereby codified as supporting material by reference.

(Ord. No. 1407, § 2, 8-15-2017)



Town Council Meeting

Date: 12/07/2021
Agenda Item #: 8. A.
Department: Economic Development Corporation
Strategic Goal: Maintain operational integrity and viability
Staff Contact: Jennette Espinosa, EDC Executive Director

AGENDA ITEM:

Present, Discuss, and Consider Action on **Ordinance No. 1648 Approving and Authorizing the Issuance and Sale of the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project); and Approving and Authorizing Related Agreements.**

DESCRIPTION:

The Town is authorized by the PID Act to issue its revenue bonds payable from the Assessments (the “Bonds”) and other revenues received for the purposes of (i) paying a portion of the Actual Costs of the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements (collectively, the “Improvement Area #3 Improvements”), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #3 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds;

The Town Council will determine if it is in the best interests of the Town to issue its bonds to be designated “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)” (the “Bonds”), such series to be payable from and secured by the Trust Estate, defined in the Indenture;

The Town Council will consider and determine approval of (i) the issuance of the Bonds to finance a portion of the Actual Costs of the Improvement Area #3 Improvements, as identified in the Service and Assessment Plan, (ii) approve the form, terms, and provisions of an Indenture securing the Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement between the Town and the purchaser of the Bonds, (iv) approve a Preliminary Limited Offering Memorandum and a Limited Offering Memorandum, (v) approve the form, terms and provisions of a Continuing Disclosure Agreement, (vi) approve the form, terms and provisions of a Tri Pointe Landowner Agreement, (vii) approve the form, terms and provisions of a MM Agreement, MM Valencia @BFC, LLC Landowner Agreement, and (viii) approve the form, terms and provisions

of a D.R. Horton-Texas, Ltd., Landowner Agreement..

BUDGET IMPACT:

The Town's budget is not impacted with the issuance of said bonds. These bonds will be assessed to the homeowners in said District.

RECOMMENDED ACTION:

Staff recommends approval of Ordinance No 1648 which includes the following documents:

- Indenture of Trust
- Bond Purchase Agreement
- Continuing Disclosure Agreement
- Tri Pointe Landowner Agreement
- MM Valencia 2BFC, LLC Landowner Agreement
- D.R. Horton-Texas, Ltd. Landowner Agreement

Attachments

Supporting Documents for Issuance of Sale of Bonds

ORDINANCE NO. 1648

AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE TOWN OF LITTLE ELM, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT); AND APPROVING AND AUTHORIZING RELATED AGREEMENTS.

WHEREAS, the Town of Little Elm, Texas (the "Town"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act"), has previously established the "Valencia Public Improvement District" (the "District"), pursuant to Resolution No. 09171301 adopted by the Town Council of the Town (the "Town Council") on September 17, 2013; and

WHEREAS, pursuant to the PID Act, the Town Council published notice of and convened a public hearing on June 6, 2017, regarding the levy of special assessments against benefitted property located within a portion of the third construction phase of the District ("Phase #3B") and, after hearing testimony at such public hearing, the Town Council closed the public hearing and adopted Ordinance No. 1394 (the "Phase #3B Assessment Ordinance") on June 6, 2017; and

WHEREAS, in the Phase #3B Assessment Ordinance, the Town Council approved and accepted the Valencia Public Improvement District Service and Assessment Plan (the "2017 Service and Assessment Plan"), relating to the District and levied special assessments (the "Phase #3B Assessments") against the Phase #3B Local Improvement Assessed Property (as defined in the Service and Assessment Plan, defined herein), as shown on the Phase #3B Local Improvement Assessment Roll that was attached to the 2017 Service and Assessment Plan; and

WHEREAS, pursuant to the PID Act, the Town Council published notice of and convened a public hearing on December 7, 2021, regarding the levy of special assessments against benefitted property located within a portion of construction phase #2B-1 ("Phase #2B-1" and, together with Phase #3B, "Improvement Area #3"), and, after hearing testimony at such public hearing, the Town Council closed the public hearing and adopted Ordinance No. 1647 (the "Phase #2B-1 Assessment Ordinance") on December 7, 2021; and

WHEREAS, in the Phase #2B-1 Assessment Ordinance, the Town Council approved and accepted the Valencia Public Improvement District Service and Assessment Plan, as an update to the 2017 Service and Assessment Plan (as updated and amended, the "Service and Assessment Plan"), relating to the District and levied special assessments (the "Phase #2B-1 Assessments", and, together with the Phase #3B Assessments, the "Assessments") against the Phase #2B-1 Local Improvement Assessed Property (as defined in the Service and Assessment Plan) as shown on the Phase #2B-1 Assessment Roll that is attached to the Service and Assessment Plan; and

WHEREAS, capitalized terms used in this Ordinance and not otherwise defined herein shall have the meanings assigned to them in the Service and Assessment Plan; and

WHEREAS, the Town is authorized by the PID Act to issue its revenue bonds payable from the Assessments (the "Bonds") and other revenues received for the purposes of (i) paying a portion of the Actual Costs of the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements (collectively, the "Improvement Area #3 Improvements"), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the

Improvement Area #3 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds; and

WHEREAS, the Town Council hereby finds and determines that it is in the best interests of the Town to issue its bonds to be designated "Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)" (the "Bonds"), such series to be payable from and secured by the Trust Estate (as defined in the Indenture); and

WHEREAS, the Town Council hereby finds and determines to (i) approve the issuance of the Bonds to finance a portion of the Actual Costs of the Improvement Area #3 Improvements, as identified in the Service and Assessment Plan, (ii) approve the form, terms, and provisions of an Indenture (defined below) securing the Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement (defined below) between the Town and the purchaser of the Bonds, (iv) approve a Preliminary Limited Offering Memorandum (defined below) and a Limited Offering Memorandum (defined below), (v) approve the form, terms and provisions of a Continuing Disclosure Agreement (defined below), (vi) approve the form, terms and provisions of a Tri Pointe Landowner Agreement (defined below), (vii) approve the form, terms and provisions of a MM Agreement (defined below), and (viii) approve the form, terms and provisions of a D.R. Horton Landowner Agreement (defined below); and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; now, therefore

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:

SECTION 1. Approval of Issuance of Bonds and Indenture of Trust.

(a) The issuance of the Bonds in the principal amount of \$_____ for the purpose of providing funds for (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #3 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of December 1, 2021, between the Town and Wilmington Trust, National Association, as trustee (the "Trustee"), which Indenture is hereby approved in substantially the form attached hereto as **Exhibit A**, which is incorporated herein as a part hereof for all purposes, with such changes or additions thereto as may be approved by the Mayor or Mayor Pro Tem of the Town (upon the advice of the Town Manager and the Town's advisors) as evidenced by the execution and delivery thereof. The Mayor or Mayor Pro Tem of the Town is hereby authorized and directed to execute the Indenture and the Town Secretary or the Acting Town Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem and such officials are hereby authorized to deliver the Indenture.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in

the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate pledged to such series, and shall never be payable from ad valorem taxes.

SECTION 2. Sale of Bonds; Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") under that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the Town and the Underwriter, substantially in the form attached hereto as **Exhibit B** which is incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interests of the Town at the price and on the terms and provisions set forth in the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Town Manager and the Town's advisors, such approval to be evidenced by the execution and delivery of the Bond Purchase Agreement by the Mayor or Mayor Pro Tem of the Town. The Mayor or Mayor Pro Tem of the Town is hereby authorized and directed to execute and deliver the Bond Purchase Agreement.

SECTION 3. Preliminary Limited Offering Memorandum and Limited Offering Memorandum. The form and substance of the Preliminary Limited Offering Memorandum for the Bonds (the "Preliminary Limited Offering Memorandum") and any addenda, supplement or amendment thereto and the final Limited Offering Memorandum (the "Limited Offering Memorandum") are hereby in all respects approved and adopted. The Preliminary Limited Offering Memorandum and the Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem of the City and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The Town Secretary or Acting Town Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and confirmed and the Preliminary Limited Offering Memorandum is hereby deemed "final" as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor or Mayor Pro Tem, this Town Council, including the Mayor and Mayor Pro Tem, are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to the Development (as described in the Limited Offering Memorandum), the Improvement Area #3 Developers (as defined in the Limited Offering Memorandum) or their financial ability, or regarding any builders or landowners, or the appraisal of the property in the District.

SECTION 4. Continuing Disclosure Agreement. That certain "Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) Continuing Disclosure Agreement of the Issuer" (the "Continuing Disclosure Agreement") by and among the Town, MuniCap, Inc., as Administrator, and MuniCap, Inc., as dissemination agent, is hereby authorized and approved in substantially the form attached hereto as **Exhibit C** which is incorporated herein as a part hereof for all purposes and the Mayor and Mayor Pro Tem of the Town is authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry

out the purpose of this Ordinance and as approved by the Mayor or Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 5. Tri Pointe Landowner Agreement. That certain “Phase #2B-1 Landowner Agreement” (the “Tri Pointe Landowner Agreement”) between the Town and Tri Pointe Homes DFW, LLC, is hereby authorized and approved in substantially the form attached hereto as **Exhibit D** which is incorporated herein as a part hereof for all purposes and the Town Manager, Mayor, and Mayor Pro Tem of the Town is authorized and directed to execute and deliver such Tri Pointe Landowner Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Town Manager, Mayor or Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 6. MM Landowner Agreement. That certain “Phase #2B-1 Landowner Agreement” (the “MM Landowner Agreement”) between the Town and MM Valencia 2BFC, LLC, is hereby authorized and approved in substantially the form attached hereto as **Exhibit E** which is incorporated herein as a part hereof for all purposes and the Town Manager, Mayor, and Mayor Pro Tem of the Town is authorized and directed to execute and deliver such MM Landowner Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Town Manager, Mayor or Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 7. D.R. Horton Landowner Agreement. That certain “Phase #2B-1 Landowner Agreement” (the “D.R. Horton Landowner Agreement”) between the Town and D.R. Horton – Texas, Ltd., is hereby authorized and approved in substantially the form attached hereto as **Exhibit F** which is incorporated herein as a part hereof for all purposes and the Town Manager, Mayor, and Mayor Pro Tem of the Town is authorized and directed to execute and deliver such D.R. Horton Landowner Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Town Manager, Mayor or Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 8. Additional Actions. The Mayor, the Mayor Pro Tem, the Town Manager, the Deputy Town Manager, the Chief Financial Officer of the Town, and the Town Secretary and Acting Town Secretary are each hereby authorized and directed to take any and all actions on behalf of the Town necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the Town Manager, the Deputy Town Manager, the Chief Financial Officer of the Town, and the Town Secretary and Acting Town Secretary are each hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance or any other certificates, agreements, or other documents subsequent to the delivery of the Bonds which may be necessary or appropriate to carry out or fulfill the purpose and intent of the Service and Assessment Plan and the acquisition and construction of the Improvement Area #3 Improvements.

SECTION 9. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 11. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 12. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 13. Incorporation of Findings and Determinations. The findings and determinations of the Town Council contained in the preamble of this Ordinance are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 14. Effective Date. This Ordinance shall take effect and be in force immediately from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Remainder of Page Intentionally Left Blank]

PASSED AND APPROVED, this the 7th day of December, 2021.

TOWN OF LITTLE ELM, TEXAS

Cornelious J. Curtis, Mayor

ATTEST:

Caitlan Biggs, Town Secretary

Matt Mueller, Town Manager

(Town Seal)

APPROVED AS TO FORM:

Robert Brown, Town Attorney

EXHIBIT A
INDENTURE OF TRUST

INDENTURE OF TRUST

By and Between

TOWN OF LITTLE ELM, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

DATED AS OF DECEMBER 1, 2021

SECURING

\$ _____
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #3 PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of December 1, 2021 is by and between the TOWN OF LITTLE ELM, TEXAS (the "Town"), 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, a petition was submitted and filed with the Town Secretary of the Town (the "Town Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the corporate limits of the Town to be known as the Valencia Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Denton Central Appraisal District, and the signature of the record owner of 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 September 17, 2013, after due notice, the Town Council of the Town (the "Town Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on September 17, 2013, the Town Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 09171301, adopted by a majority of the members of the Town Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on September 20, 2013, the Town published notice of its authorization of the District in the *Little Elm Journal*, a newspaper of general circulation in the Town; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the Town Secretary within 20 days after September 20, 2013, and

WHEREAS, the Town has previously issued the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2014 (Valencia Public Improvement District Phase #1 Project) (the "2014 Phase #1 Bonds") secured by certain assessments levied against property located within the first construction phase of the District ("Phase #1"); and

WHEREAS, the Town has previously issued the Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2014 (Valencia Public Improvement District Phases #2-5 Major Improvement Project) (the "2014 Major Improvement Area Bonds") secured by certain assessments levied against property located within the District that was not located within Phase #1; and

WHEREAS, the Town has previously issued the Town of Little Elm, Texas, Special Assessment Revenue Refunding and Improvement Bonds, Series 2018 (Valencia Public

Improvement District Improvement Area #2 Project) (the "Improvement Area #2 Bonds") which refunded a portion of the 2014 Major Improvement Area Bonds and which are secured by certain assessments levied against property located within the second improvement area of the District ("Improvement Area #2"); and

WHEREAS, the Town has previously issued the Town of Little Elm, Texas, Special Assessment Revenue Refunding and Improvement Bonds, Series 2018 (Valencia Public Improvement District Phase #1 Project) (the "Phase #1 Bonds") which refunded the then-outstanding 2014 Phase #1 Bonds and prior reimbursement agreement entered into between the Town and a developer of certain projects within Phase #1 and which are secured by certain assessments levied against Phase #1; and

WHEREAS, the Town has previously issued the Town of Little Elm, Texas, Special Assessment Revenue Refunding Bonds, Series 2018 (Valencia Public Improvement District Major Improvement Area Project) (the "Major Improvement Area Bonds") which refunded the then-outstanding 2014 Major Improvement Area Bonds and which are secured by certain assessments levied against property located within the District that was not located within Phase #1 or Improvement Area #2 (the "Major Improvement Area"); and

WHEREAS, in the indentures authorizing the Improvement Area #2 Bonds, the Phase #1 Bonds, and the Major Improvement Area Bonds, the Town reserved the right to issue additional series of bonds as "Additional Obligations" pursuant to other indentures, assessment ordinances, or similar agreements which do not constitute or create a lien on the trust estate and are not payable from pledged revenues which secure, respectively, Improvement Area #2 Bonds, the Phase #1 Bonds, and the Major Improvement Area Bonds; provided that prior to the issuance of such "Additional Obligations" the requirements set forth in Section 13.2(e) of the indenture authorizing the issuance of the Major Improvement Area Bonds must be satisfied; and

WHEREAS, on May 16, 2017 the Town Council by Resolution No. 05161703 made findings and determinations relating to the Actual Costs of certain Authorized Improvements ("Phase #3B Local Improvements") allocable to the property within the District located within a portion of the third construction phase of the District ("Phase #3B") received and accepted a preliminary service and assessment plan, including a proposed assessment roll for Phase #3B, called a public hearing for June 6, 2017 and directed Town staff to: (i) file said proposed assessment roll with the Town Secretary and make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice of the June 6, 2017 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on May 19, 2017, the Town Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Denton Record Chronicle*, a newspaper of general circulation in the Town, to consider the proposed "Phase #3B Local Improvement Assessment Roll" and the Valencia Public Improvement District Service and Assessment Plan (the "2017 Service and Assessment Plan") and the levy of the "Phase #3B Assessments" on property in Phase #3B of the District; and

WHEREAS, the Town Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Phase #3B Local Improvement Assessment Roll, the 2017 Service and Assessment Plan, and the levy of the Phase #3B Assessments on property in Phase #3B of the District to the last known addresses of the owners of the property liable for the Phase #3B Assessments; and

WHEREAS, on June 6, 2017, the Town Council convened the public hearing with respect to the Phase #3B Assessments, at which time, 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 proposed Phase #3B Local Improvement Assessment Roll and the Phase #3B Assessments, and to offer testimony pertinent to any issue presented on the amount of the Phase #3B Assessments, the allocation of the Actual Costs of the Phase #3B Local Improvements (as defined herein), the purposes of the Phase #3B Assessments, the special benefits of the Phase #3B Local Improvements, and the penalties and interest on Annual Installments (as defined herein) and on delinquent Annual Installments of the Phase #3B Assessments, and there were no written protests, objections or evidence submitted to the Town Secretary in opposition to the 2017 Service and Assessment Plan, the allocation of Actual Costs of the Phase #3B Local Improvements, the Phase #3B Local Improvement Assessment Roll, and the levy of the Phase #3B Assessments; and

WHEREAS, the Town Council closed the hearing with respect to the Phase #3B Assessments, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the Town, the Town Council approved Ordinance No. 1394 (the "Phase #3B Assessment Ordinance"), which levied the Phase #3B Assessments and approved and accepted the 2017 Service and Assessment Plan as the service and assessment plan in conformity with the requirements of the PID Act and the Town Council found and determined that the Phase #3B Assessments should be levied as provided in the Service and Assessment Plan and the Phase #3B Local Improvement Assessment Roll; and

WHEREAS, on November 16, 2021 the Town Council by Resolution No. 1116202102 made findings and determinations relating to the Actual Costs of certain Authorized Improvements ("Phase #2B-1 Local Improvements") allocable to the property within the District located within a portion of construction phase #2B-1 ("Phase #2B-1") received and accepted an amended preliminary service and assessment plan, including a proposed assessment roll for Phase #2B-1, called a public hearing for December 7, 2021 and directed Town staff to: (i) file said proposed assessment roll with the Town Secretary and make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice of the December 7, 2021 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on November 21, 2021, the Town Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Denton Record-Chronicle*, a newspaper of general circulation in the Town, to consider the proposed "Phase #2B-1 Local Improvement Assessment Roll" and the Valencia Public Improvement District Service and Assessment Plan (as updated, amended, and/or restated from time to time, the "Service and Assessment Plan") and the levy of the "Phase #2B-1 Assessments" on property in Phase #2B-1 of the District; and

WHEREAS, the Town Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Phase #2B-1 Local Improvement Assessment Roll, the Service and Assessment Plan, and the levy of the Phase #2B-1 Assessments on property in Phase #2B-1 of the District to the last known addresses of the owners of the property liable for the Phase #2B-1 Assessments; and

WHEREAS, on December 7, 2021, the Town Council convened the public hearing with respect to the Phase #2B-1 Assessments, at which time, 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 proposed Phase #2B-1 Local Improvement

Assessment Roll and the Phase #2B-1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Phase #2B-1 Assessments, the allocation of the Actual Costs of the Phase #2B-1 Local Improvements (as defined herein), the purposes of the Phase #2B-1 Assessments, the special benefits of the Phase #2B-1 Local Improvements, and the penalties and interest on Annual Installments (as defined herein) and on delinquent Annual Installments of the Phase #2B-1 Assessments, and there were no written protests, objections or evidence submitted to the Town Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs of the Phase #2B-1 Local Improvements, the Phase #2B-1 Local Improvement Assessment Roll, and the levy of the Phase #2B-1 Assessments; and

WHEREAS, the Town Council closed the hearing with respect to the Phase #2B-1 Assessments, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the Town, the Town Council approved Ordinance No. 1647 (the "Phase #2B-1 Assessment Ordinance"), which levied the Phase #2B-1 Assessments and approved and accepted the Service and Assessment Plan as the service and assessment plan in conformity with the requirements of the PID Act and the Town Council found and determined that the Phase #2B-1 Assessments should be levied as provided in the Service and Assessment Plan and the Phase #2B-1 Local Improvement Assessment Roll; and

WHEREAS, the Town Secretary will file a copy of the Phase #2B-1 Assessment Ordinance with the county clerk of each county in which all or a part of the District is located not later than the seventh day after the Town approved the Phase #2B-1 Assessment Ordinance in accordance with the provisions of the PID Act; and

WHEREAS, the Town Council is authorized by the PID Act to issue its revenue bonds payable from the Phase #3B Assessments and Phase #2B-1 Assessments (collectively, the "Assessments") for the purpose of (i) paying a portion of the Actual Costs of the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements (collectively, the "Improvement Area #3 Improvements"), (ii) paying a portion of the interest on the Bonds (as defined herein) during and after the period of acquisition and construction of the Improvement Area #3 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds; and

WHEREAS, the Town Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)" (the "Bonds"), such Bonds being payable solely from the Trust Estate (defined below) and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, prior to the issuance of the Bonds, evidence satisfactory to the Town and its advisors has been presented that the requirements of Section 13.2(e) of the indenture authorizing the Major Improvement Area Bonds have been satisfied and that the Bonds may be issued as Additional Obligations in accordance with such indenture; and

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

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

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

FIRST GRANTING CLAUSE

The Pledged Revenues, as herein defined, and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the Town 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 Town or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof;

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

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

PROVIDED, HOWEVER, that if and to the extent any Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any rights of the Trustee and the Owners as provided in this Indenture to request the Town proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the Owners with respect to such property shall terminate;

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

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

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

“Actual Costs” means, with respect to an Improvement Area #3 Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Improvement Area #3 Improvement, as specified in a Certification for Payment that has been reviewed and approved by the Town. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Improvement Area #3 Improvement, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Improvement Area #3 Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Improvement Area #3 Improvement, (d) the costs for external professional costs associated with such Improvement Area #3 Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes, (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Improvement Area #3 Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, Town permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

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

“Additional Interest Rate” means the 0.50% additional interest rate charged on the Assessments pursuant to Section 372.018 of the PID Act and as described in Section V.J of the Service and Assessment Plan and the Assessment Rolls.

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

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

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

"Administrative Expenses" mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of: (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the District, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Improvement Area #3 Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

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

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

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

"Annual Installment" means, with respect to each Assessed Parcel, each annual payment of the Assessments as shown on the Assessment Rolls attached to the Service and Assessment Plan as Appendix I-2 as it relates to the Phase #3B Local Improvements and Appendix I-3 as it relates to the Phase #2B-1 Local Improvements; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

"Assessed Parcel" means, collectively, each respective Phase #3B Assessed Parcel and Phase #2B-1 Assessed Parcel.

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

“Assessment Ordinances” means, collectively (i) Ordinance No. 1394 adopted by the Town Council on June 6, 2017, that levied the Phase #3B Assessments on the Phase #3B Assessed Property and (ii) Ordinance No. 1647 adopted by the Town Council on December 7, 2021, that levied the Phase #2B-1 Assessments on the Phase #2B-1 Assessed Property.

“Assessments” means, collectively the aggregate Phase #2B-1 Assessments and the aggregate Phase #3B Assessments as shown on the respective Assessment Roll. The singular of such term means the respective assessment levied against an Assessed Parcel including the portion to be paid for Administrative Expenses, as shown on the respective Assessment Roll, subject to the reallocation upon the subdivision of an Assessed Parcel or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

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

“Assessment Rolls” means, collectively, the Phase #3B Local Improvement Assessment Roll attached as Appendix I-2 and the Phase #2B-1 Local Improvement Assessment Roll attached as Appendix I-3 to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments against each respective Assessed Parcel related to the Bonds and the respective portion of the Improvement Area #3 Improvements, as updated, modified, or amended from time to time, in accordance with the terms of the Service and Assessment Plan and the PID Act.

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

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including the Phase #2B-1 Local Improvements and the Phase #3B Local Improvements, listed in Section III of the Service and Assessment Plan.

“Bond” means any of the Bonds.

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

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.2(a) of this Indenture.

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

“Bond Ordinance” means Ordinance No. 1648 adopted by the Town Council on December 7, 2021, authorizing the issuance of the Bonds pursuant to this Indenture.

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

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

"Bonds" means the Town's bonds authorized to be issued by Section 3.1 of this Indenture entitled "Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)".

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

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

"Certification for Payment" means a certificate substantially in the form attached hereto as Exhibit B or as otherwise approved by the Developers and a Town Representative executed by a Person approved by a Town Representative, delivered to the Town Representative and the Trustee specifying the amount of work performed related to the Improvement Area #3 Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the proper account of the Project Fund, as further described in Section 6.5 herein.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

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

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

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

"Delinquent Collection Costs" means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of the respective delinquent Assessment, in accordance with the PID Act, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

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

"Developers" means, collectively, MM Valencia 2BFC, LLC, a Texas limited liability company and Beazer Homes, L.P., a Delaware limited partnership, and their respective successors and assigns.

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

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

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

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

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

“Improvement Area #3 Improvements” means, collectively, (i) the Phase #3B Local Improvements and (ii) the Phase #2B-1 Local Improvements.

“Indenture” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more 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 Town who, or each of whom: (i) is judged by the Town, 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 Town; (iii) does not have any substantial interest, direct or indirect, with or in the Town, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the Town as an officer or employee of the Town, but who may be regularly retained to make reports to the Town.

“Initial Bond” means the Initial Bond as set forth in Exhibit A to 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 1 and September 1 of each year, commencing September 1, 2022.

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

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

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture of a principal amount, of Bonds that is less than 10% of the Outstanding principal amount of the 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, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond 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 herein.

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

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

“Phase #2B-1” means a portion of construction phase #2B-1 to be developed within the District and as further identified in and as depicted in Exhibit A attached to the Service and Assessment Plan.

“Phase #2B-1 Assessed Parcel” means each respective parcel of land located Phase #2B-1 of the District against which a Phase #2B-1 Assessment is levied by the Phase #2B-1 Assessment Ordinance in accordance with the Service and Assessment Plan.

“Phase #2B-1 Assessed Property” means, collectively, all of the Phase #2B-1 Assessed Parcels against which a Phase #2B-1 Assessment is levied.

“Phase #2B-1 Assessment Ordinance” means Ordinance No. 1647 adopted by the Town Council on December 7, 2021 that levied the Phase #2B-1 Assessments against the Phase #2B-1 Assessed Property.

“Phase #2B-1 Assessments” means the aggregate assessments shown on the Phase #2B-1 Local Improvement Assessment Roll. The singular of such term means the assessment levied against a Phase #2B-1 Assessed Parcel, as shown on the Phase #2B-1 Local Improvement Assessment Roll, subject to: (a) reallocation upon the subdivision of a Phase #2B-1 Assessed Parcel or consolidation of multiple Phase #2B-1 Assessed Parcels, or (b) reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Phase #2B-1 Local Improvement Assessment Roll” means the assessment roll attached as Appendix I-3 to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Phase #2B-1 Assessment against each Phase #2B-1 Assessed Parcel related to the Bonds and the Phase #2B-1 Local Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Phase #2B-1 Local Improvements” means the Authorized Improvements which will benefit only the Phase #2B-1 Assessed Property, as more particularly described in Section III.E of the Service and Assessment Plan.

“Phase #2B-1 Local Improvements Account” means the Account of such name established pursuant to Section 6.1.

“Phase #3B” means a portion of the third construction phase to be developed within the District and as further identified in and as depicted in Exhibit A attached to the Service and Assessment Plan.

“Phase #3B Assessed Parcel” means each respective parcel of land located Phase #3B of the District against which a Phase #3B Assessment is levied by the Phase #3B Assessment Ordinance in accordance with the Service and Assessment Plan.

“Phase #3B Assessed Property” means, collectively, all of the Phase #3B Assessed Parcels against which a Phase #3B Assessment is levied.

“Phase #3B Assessment Ordinance” means Ordinance No. 1394 adopted by the Town Council on June 6, 2017 that levied the Phase #3B Assessments against the Phase #3B Assessed Property.

“Phase #3B Assessments” means the aggregate assessments shown on the Phase #3B Local Improvement Assessment Roll. The singular of such term means the assessment levied against a Phase #3B Assessed Parcel, as shown on the Phase #3B Local Improvement Assessment Roll, subject to: (a) reallocation upon the subdivision of a Phase #3B Assessed Parcel or consolidation of multiple Phase #3B Assessed Parcels, or (b) reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Phase #3B Local Improvement Assessment Roll” means the assessment roll attached as Appendix I-2 to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Phase #3B Assessment against each Phase #3B Assessed Parcel related to the Bonds and the Phase #3B Local Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Phase #3B Local Improvements” means the Authorized Improvements which will benefit only the Phase #3B Assessed Property, as more particularly described in Section III.D of the Service and Assessment Plan.

“Phase #3B Local Improvements Account” means the Account of such name established pursuant to Section 6.1.

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

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

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

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

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

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

"Project Fund" means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

"Purchaser" means the initial purchaser of the Bonds.

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

"Rebate Fund" means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

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

"Redemption Fund" means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

"Redemption Price" means, when used with respect to any Bond or portion thereof subject to optional redemption pursuant to the provisions hereof, the applicable redemption price shown in Article IV of this Indenture.

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

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

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

"Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$_____ which is an amount equal to Maximum Annual Debt Service on the Bonds as of the Closing Date.

"Reserve Fund" means that fund of such name established pursuant to Section 6.1 and administered in Section 6.7 herein.

"Service and Assessment Plan" means the "Valencia Public Improvement District, Service and Assessment Plan", dated December 7, 2021, including the Assessment Rolls, as amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Phase #2B-1 Assessment Ordinance.

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

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

“Substantial Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of Bonds that is greater than or equal to 10% of the Outstanding principal amount of the Bonds.

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

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the Town on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

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

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

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

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds.

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

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

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the Town, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; 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 Town.

Section 2.3. Authorization for Indenture.

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

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the Town 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 Town with the Owners, and shall be deemed to be and shall constitute a contract among the Town, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #3 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds.

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

(a) The Bonds shall be dated December 1, 2021 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing 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 or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022, computed on the basis of a 360-day year of twelve 30-day months.

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

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

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV

herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the Town 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 Town, but only upon delivery to the Trustee of:

- (a) a certified copy of the executed Phase #3B Assessment Ordinance;
- (b) a certified copy of the executed Phase #2B-1 Assessment Ordinance;
- (c) a copy of the executed Bond Ordinance;
- (d) a copy of this Indenture executed by the Trustee and the Town; and
- (e) a Town Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Town.

Section 3.4. Medium, Method and Place of Payment.

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

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

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

(d) The principal of each Bond 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 such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

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

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the Town by the Mayor or Mayor Pro Tem and Town Secretary, by their manual or facsimile signatures, and the official seal of the Town 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 Town had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the Town whose manual or facsimile signature appears on the Bonds ceases to hold such office 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 at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the Town, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing 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 Mayor Pro Tem and the Town Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the

Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

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

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the Town, 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 Town 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, upon written instruction, file and maintain a copy of the Register with the Town, 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 bearing the same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged for other Bonds 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 Town 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 Town 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 Town nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed 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. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the Town may execute and, upon the Town's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Town 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 Town, 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 an Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

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

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

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of 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 Town 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 Town 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 Town 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 Town, the Paying Agent/Registrar or the Trustee in connection therewith.

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

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town 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.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the Town to DTC. On the Closing 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.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town 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 Town and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the Town's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the Town to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such

Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the Town 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 are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the Town in part at the price of par plus accrued and unpaid interest to the redemption date (the "Redemption Price") from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>

* maturity

(b) At least 45 days prior to each mandatory 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 a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds of a Stated Maturity 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 Town, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date shall have been acquired by the Town 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 45 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The Town reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 20__, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the Town reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount specified in a Town Certificate, on the first day of any month, at the Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The Town will provide the Trustee a Town Certificate directing the Bonds to be redeemed pursuant to this Section 4.4, in accordance with the provisions of Section 4.5 hereof.

Section 4.5. Partial Redemption.

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

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

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

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds to be redeemed shall be selected by the Town in the following manner:

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

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds or Bonds of all maturities, as applicable, shall be redeemed in inverse order of maturity.

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

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

(e) With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the principal or Redemption Price of and interest amount due on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the Town may condition redemption on the receipt of such funds by the Trustee on or before the

date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the Town 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.

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 Town and shall use such funds solely for the purpose of paying the principal or Redemption Price of and interest on such Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the principal or Redemption Price of and interest 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 principal or Redemption Price of and 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.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

The Town may secure identification numbers through the CUSIP Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and authorizes 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 Town, the Trustee, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the Town nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the Town Secretary of the Town, 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 Account is hereby created and established under the Pledged Revenue Fund:

- (A) Bond Pledged Revenue Account.

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

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

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

- (A) Phase #3B Local Improvements Account;
- (B) Phase #2B-1 Local Improvements Account; and
- (C) Costs of Issuance Account.

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

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

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

- (A) District Administration Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the Town. 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.

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Capitalized Interest Account of the Bond Fund: \$_____;
- (ii) to the Reserve Account of the Reserve Fund: \$_____;
- (iii) to the Phase #3B Local Improvements Account of the Project Fund: \$_____;
- (iv) to the Phase #2B-1 Local Improvements Account of the Project Fund: \$_____;
- (v) to the Costs of Issuance Account of the Project Fund: \$_____; and
- (vi) to the District Administration Account of the Administrative Fund: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2022, the Town shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the Town shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, if necessary, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Improvement Area #3 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

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

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

(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 an account of the Reserve Fund, the Town may direct the Trustee by Town Certificate, to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

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

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to either the Phase #3B Local Improvements Account of the Project Fund or the Phase #2B-1 Local Improvements Account of the Project Fund, pursuant to directions provided in a Town Certificate, or, if all of the Phase #3B Local Improvements Account of the Project Fund and the Phase #2B-1 Local Improvements Account of the Project Fund have been closed as provided in Section 6.5(e) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof. Except as provided in Sections 6.5(c), (e), and (f) hereof, money on deposit in the Phase #3B Local Improvements Account of the Project Fund shall only be used to pay Actual Costs of the Phase #3B Local Improvements and money on deposit in the Phase #2B-1 Local Improvements Account of the Project Fund shall only be used to pay Actual Costs of the Phase #2B-1 Local Improvements.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more Town Certificates. Disbursements from either the Phase #3B Local Improvements Account of the Project Fund or the Phase #2B-1 Local Improvements Account of the Project Fund to pay Actual Costs of the respective Authorized Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the Town or its designee approving the disbursement to the Developers or the Developers' designee. The disbursement of funds from the Accounts of the Project Fund shall be as described in a Certification for Payment or as provided written direction from

the Town. The Trustee shall be permitted to rely fully on any Town Certificate or other written direction received pursuant to this section of the Indenture without investigation.

(c) If a Town Representative determines in his or her sole discretion that amounts then on deposit in the Phase #3B Local Improvements Account of the Project Fund or the Phase #2B-1 Local Improvements Account of the Project Fund are not expected to be expended for respective purposes of the Phase #3B Local Improvements Account or the Phase #2B-1 Local Improvements Account due to the abandonment, or constructive abandonment, of the Phase #3B Local Improvements or Phase #2B-1 Local Improvements, as the case may be, such that, in the opinion of the Town Representative, it is unlikely that the amounts in the Phase #3B Local Improvements Account or Phase #2B-1 Local Improvements Account of the Project Fund, respectively, will ever be expended for the purposes of such Account, the Town Representative shall file a Town Certificate with the Trustee which identifies the amounts then on deposit in the applicable Account that are not expected to be used for purposes of such Account. If such Town Certificate is so filed, the amounts on deposit in either the Phase #3B Local Improvements Account or Phase #2B-1 Local Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

(e) Upon the filing of a Town Certificate stating that all Phase #3B Local Improvements or Phase #2B-1 Local Improvements have been completed and that all Actual Costs of the Phase #3B Local Improvements or Phase #2B-1 Local Improvements, have been paid, or that any such Actual Costs of the Phase #3B Local Improvements or Phase #2B-1 Local Improvements are not required to be paid from the respective Account of the Project Fund pursuant to a Certification for Payment or written direction from the Town or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the respective Account of the Project Fund to the Bond Fund, and (ii) shall close the respective Account of the Project Fund. If all other Accounts of the Project Fund have been closed as described above and the Cost of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(f), the Project Fund shall be closed.

(f) Not later than 6 months following the Closing Date, or upon an earlier determination by the Town Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to another Account of the Project Fund and used to pay the Actual Costs of the respective Authorized Improvements, or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the Town in a Town Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

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

Section 6.7. Reserve Fund.

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

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year while the Bonds are Outstanding, commencing March 1, 2022, an amount, if any, equal to the Additional Interest (as shown on the Assessment Rolls attached to the Service and Assessment Plan or an Annual Service Plan Update) until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the Town, in writing, of the amount of such shortfall, and the Town shall resume collecting the Additional Interest and shall file a Town Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the Town shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining in excess of the Additional Interest Reserve Requirement, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the Town of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Rolls in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a Town Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the Town and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a Town Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds

prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a Town Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

(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 Additional Interest Reserve Account of the Reserve Fund to the Bond Fund and second, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

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

Section 6.8. Rebate Fund; Rebate Amount.

(a) There is hereby established a special fund of the Town to be designated "Town of Little Elm, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance

with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds that are due the United States Government in accordance with the Code.

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

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

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

Section 6.9. Administrative Fund.

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

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

(c) 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 established pursuant to this Indenture shall be invested by the Trustee, as directed by the Town pursuant to a Town Certificate, filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the Town receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest

on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, if the Town does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Wilmington U.S. Government Money Market Fund – Institutional Share Class (CUSIP 97181C605) provided, however, that money required to be expended from any Fund or Account will be available at the proper time or times

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in a Town Certificate. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments. The Parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

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

(f) The Trustee may conclusively rely on Town Certificates pursuant to Section 6.10(a) that such an investment will comply with the Town's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.11. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The Town hereby confirms, covenants, and agrees that the Assessments to be collected from the Phase #3B Assessed Property and the Phase #2B-1 Assessed Property, respectively, are as so reflected in the Service and Assessment Plan (as it may be updated from time to time) and, in accordance with the Assessment Ordinances, it has levied the Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding and/or amounts are due to the Developers to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #3 Improvements, the Town covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The Town 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 Town 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 Town shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the Town, the Town Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the Town and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds issued to refund all or a portion of the Bonds, or liens created in connection with indebtedness issued in compliance with Section 13.2 hereof, the Town shall not create and, to the extent Pledged Revenues are timely received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture other than the pledge created for the security of the Bonds.

(b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the Town shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The Town hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developers to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #3 Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owner(s) of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the Town by the Trustee or duly authorized representative, as applicable. The Town shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the Town's regular business hours and on a mutually agreeable date not later than 30 days after the Town receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

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

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

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

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

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

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

(d) No Private Loan.

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

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

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

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

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

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

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

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

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Town shall, pursuant to a Town Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such Town Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other

Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Town shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The Town hereby directs and authorizes the Mayor, Mayor Pro Tem, Town Manager, Deputy Town Manager, Chief Financial Officer, or Town Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII

LIABILITY OF TOWN

The Town 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 Town 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 Town shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the Town 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 Town and conforming to the requirements of this Indenture. The Town shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Assessment Ordinances, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall

require the Town to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Pledged Revenues and the Administrative Expenses) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the Town there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the Town or any of its officers, officials, agents, employees, or any person designated by the Town Council to act on behalf of the Town, for damages suffered as a result of the Town'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 Town, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Pledged Revenues, the funds available for such payment in any of the Pledged Funds, if any, or the amounts collected to pay Administrative Expenses on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the Town or any of its officers, officials, agents, employees, or any person designated by the Town Council to act on behalf of the Town to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The Town 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 Town 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 Town 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 Town, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector, or Town Manager or other independent third party designated by the Town Council to so act on behalf of the Town, and such certificate shall be full warrant to the Town for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Town may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments, or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent moneys in the District Administration Account of the Administrative Fund are insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants shall be read into this Indenture against the Trustee; and

(ii) the Trustee may request and rely conclusively, as to the due execution, the truth of the statements, and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, and shall incur no liability and shall be fully protected in acting or

refraining from acting in accordance therewith; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any actions taken, or error of judgment, made in good faith by any one of its officers, employees or agents unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the Town and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds 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 Town or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the acts or omissions of any of the agents and attorneys appointed by it with due care.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages, or expenses which have been fully 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, punitive, special or consequential loss or damage whatsoever (including, but not limited to, loss of profit) in connection with or arising from this Indenture, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing, execution, delivery, recording, or authorization of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Improvement Area #3 Improvements or collection of insurance money,

(5) the validity of the execution by the Town of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder; provided the Trustee follows the instructions provided by the Town with respect to the use of the proceeds of the Bonds.

(j) The Trustee may request, conclusively rely on and shall be protected in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity, and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the

Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 11.1(a)(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Town or by the Owners of more than 66-2/3% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the Town, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 66-2/3% of the Owners. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services, subject to the limitations set forth herein, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #3 Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #3 Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Town, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all 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.

(u) In the event that any assets held hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; 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.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in

accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant reasonably believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a Town Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such Town Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the Town to the Trustee shall be sufficiently executed if executed in the name of the Town by the Town Representative.

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

Section 9.6. Compensation.

The Town hereby agrees to compensate the Trustee, from the amount collected each year for Administrative Expenses and in the manner set forth in this section, for the Trustee's services as Trustee and as Paying Agent/Registrar; provided, however, notwithstanding anything herein to the contrary, the aggregate value of this Indenture shall not exceed the dollar limitation set forth in Section 2274.002(a)(2) of the Texas Government Code. The Trustee hereby agrees that the fees it is to be paid for the current fiscal year will not cause the aggregate compensation received by the Trustee pursuant to the terms of this Indenture to exceed the limitation set forth in Section 2274.002(a)(2).

Unless otherwise provided by contract with the Trustee and subject to the limitations set forth above, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such

funds or liability is not reasonably assured to it. If the Town shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, subject to the limitations set forth herein.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall, subject to the limitations set forth herein, be compensated from any and all funds at any time held by it for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.

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 Town or any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the Town 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.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time on 30 days' advance written notice to the Trustee by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the Town, or (ii) the Town, so long as the Town is not in default under this Indenture. Copies of each such instrument shall be delivered by the Town 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 Town or the Owners of not less than 10% of the aggregate Outstanding principal 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 as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or

control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

(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 25% of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the Town.

(c) Until such successor Trustee shall have been appointed by the Owners of the Bonds, the Town shall forthwith (and in no event in excess of 30 days after such vacancy occurs) appoint a Trustee to act hereunder. Copies of any instrument of the Town providing for any such appointment shall be delivered by the Town to the Trustee so appointed. The Town 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 Town immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.

(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 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the Town 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 and Applicable Laws.

(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 for 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 Town 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 Town or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing, including any supplement or amendment to this Indenture, from the Town 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 Town.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

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

Section 9.13. Trustee to File Continuation Statements.

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

Section 9.14. Construction of Indenture.

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

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the Town and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or

amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Town to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Town of any pledge or lien upon any portion of the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by both Applicable Laws and this Indenture), or reduce the percentage of Owner of Bonds required for the amendment of this Indenture, as provided herein. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the Town 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 Town 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 Town;

- (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 Town and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

- (iv) to provide for the issuance of Refunding Bonds as set forth in Section 13.2 herein;

- (v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however, in no event shall this provision limit the Owners ability to appoint a successor trustee pursuant to Section 9.10(b) hereof; and

- (vi) 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.

Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.3 below.

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

Section 10.2. Owners' Meetings.

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

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

The Town 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 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture, and a notice shall have been mailed as hereinafter in this Section provided and the Town or Bond Counsel, acting on the Town's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Town 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 Town and the Owners of all Bonds at the expiration of 45 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 forty-five day period; provided, however, that the Trustee during such forty-five day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from

taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inaction.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the Town, 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 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The Town 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 Town, 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 Town may select and designate for that purpose, a suitable notation shall be made on such Bond. The Town may determine that new Bonds, so modified as in the opinion of the Town 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 10.6. 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 10.7. Waiver of Default

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of at least fifty-one (51%) of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the Town and certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 hereof.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the Town stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the Town to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

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

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the Town to make the payments; and

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

(b) Nothing in Section 11.1(a) will be an Event of Default if action necessary to prevent the same would be a violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the aggregate outstanding principal of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or 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 Town may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the Town shall determine, in its absolute discretion, and shall instruct the Trustee by Town Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the Town shall fail to deliver to the Trustee such Town

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

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Town, 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 Town 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, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the 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 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 Town 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 Town, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the Town, 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 and to the Owners entitled thereto, without any discrimination or preference.

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds 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 Town 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 of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the Town or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the Town 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 Town shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The Town 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 Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The Town shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The Town will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the Town, to the affected property owners on the same statement or such other mechanism that is used by the Town, 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 Town.

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the Town and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The Town shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Town under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the Town 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 Town will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens.

(a) The Town reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations that do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Pledged Revenues.

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

(c) Additionally, the Town has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations described by Section 13.2(c) may be issued by the Town unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations, or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

(a) The Town shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the Town, which relate to the Pledged Revenues, the Pledged Funds, 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 the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE
INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the Town 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 Town 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 Town copies of all such documents as it may have evidencing that the principal of and interest on all of the Bonds has been paid so that the Town may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in 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 Town.

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the Town verifying

the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the Town 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.

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 Town, 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 Town 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 Town 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 Town or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Town or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, employee of the Town, nor any person designated by the Town Council to act on behalf of the Town shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on Town and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any Town Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the Town:	Town of Little Elm, Texas 100 West Eldorado Parkway Little Elm, Texas 75068 Attention: Chief Financial Officer

If to the Trustee or the Paying Agent/Registrar:	Wilmington Trust, National Association Attention: Regina Velasquez 15950 N. Dallas Parkway, Suite 550 Dallas, Texas 75248

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

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

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization

codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Town shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Town whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Town understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Town shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the Town and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Town. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Town agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Town; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Town hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Denton County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

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

Section 15.10. 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, to the extent this Indenture is a contract for goods or services, will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to enable the Town to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. As used in this Section, the Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 15.11. Iran, Sudan, and Foreign Terrorist Organizations.

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, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the Town to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in this Section, the Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

IN WITNESS WHEREOF, the Town and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

TOWN OF LITTLE ELM, TEXAS

By: _____
Mayor

Attest:

Acting Town Secretary

[TOWN SEAL]

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

By: _____
Authorized Officer

Signature Page to Indenture of Trust
Relating to
TOWN OF LITTLE ELM, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
VALENCIA PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #3 PROJECT)

EXHIBIT A

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

TOWN OF LITTLE ELM, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #3 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20____	_____	_____

The Town of Little Elm, Texas (the "Town"), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing September 1, 2022, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrars (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Town having the designation specified in its title (herein referred to as the "Bonds"), dated December 1, 2021 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of December 1, 2021 (the "Indenture"), by and between the Town 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 Owners of the Bonds, the Trustee, and the Town, 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 Owner of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phase #3B Local Improvements and the Phase #2B-1 Local Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds.

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

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the Town to make money available to pay this Bond may be defeased by the deposit of

money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the Town in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

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

* maturity

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

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

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

The Town reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 20__, at the Redemption Price.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

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

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

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

and binding upon such Owner and upon all future Owners 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 Town nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The Town, 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 Town nor the Trustee shall be affected by notice to the contrary.

The Town has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

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

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

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

Mayor, Town of Little Elm, Texas

Town Secretary, Town of Little Elm, Texas

[Town Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

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
Dallas, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

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

Date: _____

Signature Guaranteed By:

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.

Authorized Signatory

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

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

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

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

(Information to be inserted from Section 3.2(c) hereof); and

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

EXHIBIT B

CERTIFICATION FOR PAYMENT FORM

The undersigned is a lawfully authorized representative for Valencia on the Lake, L.P., a Texas limited partnership (the "Developer") and requests payment from the [Phase #2B-1 Local Improvements Account][Phase #3B Local Improvements 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 [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] related to the Valencia Public Improvement District:

[insert specific Phase #2B-1 Local Improvements/Phase #3B Local Improvements this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the Town of Little Elm and the Trustee dated as of December 1, 2021 relating to the "TOWN OF LITTLE ELM, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)" (the "Indenture").

In connection to the above referenced payment, the Developer represents and warrants to the Town as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification 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 [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] has not been the subject of any prior payment request submitted for the same work to the Town or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] identified below, and such costs are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Indenture and the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The work with respect to the [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] identified below (or its completed segment, portion or segment) has been completed and the Town has inspected the [Phase #2B-1 Local Improvements][Phase #3B Local Improvements].

7. The Developer agrees to cooperate with the Town in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the Town to complete said review.

Payments requested are as follows:

Payee / Description of [Phase #2B-1 Local Improvements] [Phase #3B Local Improvements]	Total Cost of [Phase #2B-1 Local Improvements] [Phase #3B Local Improvements]	Budgeted Cost of [Phase #2B-1 Local Improvements] [Phase #3B Local Improvements]	Amount to be paid from the [Phase #2B-1 Local Improvements Account] [Phase #3B Local Improvements Account] of 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 Indenture, after receiving this Payment Request, the Town is authorized to inspect the [Phase #2B-1 Local Improvements][Phase #3B Local Improvements] (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.

Valencia on the Lake, L.P.,
a Texas limited partnership

By: Valencia on the Lake GP, LLC,
a Texas limited liability company
Its General Partner

By: _____
Name: Mehrdad Moayed
Its: Manager

APPROVAL OF REQUEST BY TOWN

The Town is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the Town approves the Certification for Payment and shall include said payments in the Town Certificate submitted to the Trustee directing payments to be made from the Project Fund. The Town's approval of the Certification for Payment shall not have the effect of estopping or preventing the Town from asserting claims under the Indenture, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Phase #2B-1 Local Improvements or the Phase #3B Local Improvements, as applicable.

TOWN OF LITTLE ELM, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B
BOND PURCHASE AGREEMENT

\$(PAR AMOUNT)
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3
PROJECT)

BOND PURCHASE AGREEMENT

December 7, 2021

Town of Little Elm
100 W. Eldorado Parkway
Little Elm, Texas 75068

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement (this “Agreement”) with the Town of Little Elm, Texas (the “Town”), which will be binding upon the Town and the Underwriter upon the acceptance of this Agreement by the Town. This offer is made subject to its acceptance by the Town by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Town at any time prior to the acceptance hereof by the Town. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (defined herein) between the Town and Wilmington Trust, National Association, as trustee (the “Trustee”), authorizing the issuance of the Bonds (defined herein), and in the Limited Offering Memorandum (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Town, and the Town hereby agrees to sell to the Underwriter, all (but not less than all) of the \$(PAR AMOUNT) aggregate principal amount of the “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)” (the “Bonds”), at a purchase price of \$_____ (representing the aggregate principal amount of the Bonds less an Underwriter’s discount of \$_____).

Inasmuch as this purchase and sale represents a negotiated transaction, the Town understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the Town (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The Town acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement

is an arm's length commercial transaction between the Town and the Underwriter and the Underwriter has financial and other interests that differ from any other party to this Agreement, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Town, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Town with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the Town on other matters) and the Underwriter has no obligation to the Town with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the Town has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from those of the Town, and (vi) the Underwriter has provided to the Town prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB"), which have been received by the Town. The Town further acknowledges and agrees that following the issuance and delivery of the Bonds, the Underwriter has indicated that it may have periodic discussions with the Town regarding the expenditure of Bond proceeds and the construction of the Improvement Area #3 Improvements financed with the Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the Town.

The Bonds shall be dated December 1, 2021 and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Bonds, and the other actions described herein, shall take place on [CLOSING DATE], 2021 (or such other date as may be agreed to by the Town and the Underwriter) (the "Closing Date").

2. Authorization Instruments and Law. The Bonds were authorized by an ordinance enacted by the Town Council of the Town (the "Town Council") on December 7, 2021 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Indenture of Trust, dated as of December 1, 2021, between the Town and the Trustee, authorizing the issuance of the Bonds (the "Indenture"). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by the proceeds of special assessments (the "Assessments") levied on the assessable parcels within the Valencia Public Improvement District (the "District"). The District was established by a resolution enacted by the Town Council on September 17, 2013 (the "Creation Resolution") in accordance with the Act. An updated Service and Assessment Plan (as so updated, the "Service and Assessment Plan") which sets forth the costs of the Improvement Area #3 Improvements and the method of payment of the Assessments levied against assessable property located within Improvement Area #3 of the District, was approved pursuant to an assessment ordinance adopted by the Town Council on December 7, 2021 (the "Phase #2B-1 Assessment Ordinance"). The Assessments are comprised of two special assessments levied on the assessable parcels within Improvement Area #3 of the District pursuant to (i) with respect to property within Phase #3B of the District, an ordinance

adopted by the Town Council on June 6, 2017, and (ii) with respect to property within Phase #2B-1 of the District, Phase #2B-1 Assessment Ordinance (together, the “Assessment Ordinances” and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the “Authorizing Documents”). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Schedule I, the Indenture, and the Limited Offering Memorandum (defined herein). The proceeds of the Bonds shall be used for (i) paying a portion of the costs of the Improvement Area #3 Improvements, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #3 Improvements, (iii) funding the Reserve Account of the Reserve Fund, (iv) paying District formation and administration costs and (v) paying the cost of issuance of the Bonds.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Bonds in accordance with Section 11 hereof. On or before the third (3rd) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel the Issue Price Certificate (defined herein), in substantially the form attached hereto as Appendix B.

4. Limited Offering Memorandum.

(a) Delivery of Limited Offering Memorandum. The Town previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Bonds, dated [PLOM DATE], 2021 (the “Preliminary Limited Offering Memorandum”), in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board (“MSRB”) Rule G-32 (“Rule G-32”). The Town will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Bonds (the “Limited Offering Memorandum”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (“Rule 15c2-12”), (iii) in a “designated electronic format,” and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, are collectively referred to herein as the “Limited Offering Memorandum.” Until the Limited Offering Memorandum has been prepared and is available for distribution, the Town shall provide to the Underwriter sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Limited Offering Memorandum.

(b) Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the offering, sale, and distribution of the Bonds. The

Town hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed “final” by the Town as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

(c) Use of Limited Offering Memorandum in Offering and Sale. The Town hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the offering and the sale of the Bonds. The Town consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the offering of the Bonds. The Town shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Town’s acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the Town’s acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The Town shall provide the Limited Offering Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(d) Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the 25th day after the “end of the underwriting period” for the Bonds), the Town becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Town will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Town will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the Town in accordance herewith, (i) the Town makes no representations with respect to the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering

Memorandum of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system, and (ii) the Town makes no representation with respect to the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions and subcaptions “PLAN OF FINANCE — The District, Improvement Area #3 Development Plan and Status of Development,” and — Financing of Development in Improvement Area #3 of the District,” “BOOK-ENTRY ONLY SYSTEM,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “THE DEVELOPMENT,” “THE PHASE #2B-1 DEVELOPER,” “THE PHASE #3B DEVELOPER,” “DEVELOPMENT CONSULTANT,” “BONDHOLDERS’ RISKS” (only as it pertains to the Phase #2B-1 Developer, the Phase #3B Developer, the Improvement Area #3 Improvements and the Development), “THE ADMINISTRATOR,” “LEGAL MATTERS — Litigation — The Phase #2B-1 Developer,” “CONTINUING DISCLOSURE – The Phase #2B-1 Developer”, “UNDERWRITING” and “INFORMATION RELATING TO THE TRUSTEE” (collectively, the “Non-Town Disclosures”). If such notification shall be subsequent to the Closing Date, the Town, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The Town shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(e) Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access (“EMMA”) system within one business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the Town can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date.

(f) Limited Offering. The Underwriter hereby represents, warrants and covenants that the Bonds were initially sold pursuant to a limited offering. The Bonds were sold to not more than thirty-five persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act (as defined herein)) or “Qualified Institutional Buyers” (within the meaning of Rule 144A under the Securities Act).

5. Town Representations, Warranties and Covenants. The Town represents, warrants and covenants that:

(a) Due Organization, Existence and Authority. The Town is a political subdivision of the State of Texas (the “State”), and has, and at the Closing Date will have, full legal right, power and authority:

(i) to enter into:

(1) this Agreement;

(2) the Indenture;

(3) the “Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and Valencia on the Lake, L.P., a Texas limited partnership (the “Developer”) effective as of November 5, 2013; as amended by that “First Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of September 16, 2014; as amended by that “Second Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of June 2, 2015; as amended by that “Third Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 16, 2016; as amended by that “Fourth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 2, 2016; as amended by that “Fifth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 15, 2017; as amended by that “Sixth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 2, 2021, and as may be further amended, (collectively, the “Development Agreement”);

(4) the “Continuing Disclosure Agreement of the Issuer” with respect to the Bonds, dated as of December 1, 2021 (the “Town Continuing Disclosure Agreement”), executed and delivered by the Town, MuniCap, Inc., as Administrator and MuniCap, Inc., as Dissemination Agent;

(5) (i) the “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021 executed by the Town and Tri Pointe Homes DFW, LLC, (ii) the “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021, executed by the Town and D.R. Horton – Texas, Ltd., and (iii) “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021, executed by the Town and MM Valencia 2BFC, LLC, a Texas

limited liability company (the “Phase #2B-1 Developer” and together with the Developer, the “Developers”) (collectively, the “Landowner Agreements”); and

(6) the Town Ordinance No. 1185 (the “TIRZ Creation Ordinance”) enacted on December 17, 2013 by the Town and the Town Ordinance No. 1221 (the “TIRZ Project and Finance Plan”) enacted by the Town on July 1, 2014 pursuant to Chapter 311 of the Texas Tax Code (together, the “TIRZ Creation Documents”);

(ii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Development Agreement, (4) the Town Continuing Disclosure Agreement, (5) the Landowner Agreements, (6) the TIRZ Creation Documents, (7) the Limited Offering Memorandum, and (8) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (6) being referred to collectively herein as the “Town Documents”).

(b) Due Authorization and Approval of Town. By all necessary official action of the Town, the Town has duly authorized and approved the adoption or execution and delivery by the Town of, and the performance by the Town of the obligations on its part contained in, the Town Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded, except as may have been approved by the Underwriter. When validly executed and delivered by the other parties thereto, the Town Documents will constitute the legally valid and binding obligations of the Town enforceable upon the Town in accordance with their respective terms, except insofar as enforcement may be limited by principles of governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors’ rights generally. The Town has complied, and will at the Closing (as defined herein) be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the Town Documents.

(c) Due Authorization for Issuance of the Bonds. The Town has duly authorized the issuance and sale of the Bonds pursuant to the Bond Ordinance, the Indenture, and the Act. The Town has, and at the Closing Date will have, full legal right, power and authority (i) to enter into, execute, deliver, and perform its obligations under this Agreement and the other Town Documents, (ii) to issue, sell and, deliver the Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act, and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the Town described by the Town Documents and the Bond Ordinance.

(d) No Breach or Default. As of the time of acceptance hereof, and to its knowledge, the Town is not, and as of the Closing Date the Town will not be, in breach

of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Bonds and to which the Town is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on the Town's ability to perform its obligations under the Bonds or the Town Documents; and, as of such times, the authorization, execution and delivery of the Bonds and the Town Documents and compliance by the Town with obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Town (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be permitted by the Town Documents.

(e) No Litigation. At the time of acceptance hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending against the Town with respect to which the Town has been served with process, nor to the knowledge of the Town is any Action threatened against the Town, in which any such Action (i) in any way questions the existence of the Town or the rights of the members of the Town Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Town Documents or the consummation of the transactions on the part of the Town described therein, or contests the exclusion of the interest on the Bonds from federal income taxation, or (iv) which may result in any material adverse change in the financial condition of the Town; and, as of the time of acceptance hereof, to the Town's knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

(f) Bonds Issued Pursuant to Indenture. The Town represents that the Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Town subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the Town, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of the monies in certain funds and accounts established pursuant to the Indenture

to the extent provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(g) Assessments. The Assessments constituting the security for the Bonds have been levied by the Town in accordance with the Act on those parcels of land identified in the Improvement Area #3 Assessment Roll (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for State, county, school district, or municipality ad valorem taxes.

(h) Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency, or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Town of, its obligations in connection with the Town Documents have been duly obtained or made and are in full force and effect, except the approval of the Bonds by the Attorney General of the State, registration of the Bonds by the Comptroller of Public Accounts of the State, and the approvals, consents and orders as may be required under Blue Sky or securities laws of any jurisdiction.

(i) Public Debt. Prior to the Closing, the Town will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Bonds without the prior approval of the Underwriter.

(j) Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Town makes no representations with respect to the Non-Town Disclosures.

(k) Limited Offering Memorandum. At the time of the Town's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the 25th day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Town makes no representations with respect to the Non-Town Disclosures and further provided, however, that if the Town notifies the Underwriter of any fact or event as required by Section 4(b) hereof, and the Underwriter determines that

such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(l) Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (b) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the 25th day subsequent to the “end of the underwriting period,” the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Town notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(m) Compliance with Rule 15c2-12. During the past five years, the Town has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with Rule 15c2-12, except as disclosed in the Limited Offering Memorandum.

(n) Use of Bond Proceeds. The Town will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(o) Blue Sky and Securities Laws and Regulations. The Town will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the Town, (i) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Bonds by the Underwriter (provided, however, that the Town will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Town of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(p) Certificates of the Town. Any certificate signed by any official of the Town authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and warranty by the Town to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

(q) Intentional Actions Regarding Representations and Warranties. The Town covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

(r) Financial Advisor. The Town has engaged SAMCO Capital Markets, Inc. as its financial advisor in connection with its offering and issuance of the Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the Town shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

6. Developers Letters of Representations and Closing Certificates. At the signing of this Agreement, the Town and Underwriter shall receive (i) from the Developer, an executed Developer Letter of Representations (the “Developer Letter of Representations”) in the form of Appendix A-1 hereto, and at the Closing, a certificate signed by the Developer in the form of Appendix E-1 hereto and (ii) from the Phase #2B-1 Developer, an executed Phase #2B-1 Developer Letter of Representations (the “Phase #2B-1 Developer Letter of Representations”) in the form of Appendix A-2 hereto, and at the Closing, a certificate signed by the Phase #2B-1 Developer in the form of Appendix E-2 hereto.

7. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Town and the Underwriter, (i) the Town will deliver or cause to be delivered to DTC through its “FAST” System, the Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the Town and authenticated by the Trustee as provided in the Indenture, and (ii) the Town will deliver the closing documents hereinafter mentioned to Norton Rose Fulbright US LLP (“Bond Counsel”), or a place to be mutually agreed upon by the Town and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the Town or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the “Closing.” The Bonds will be made available to the Underwriter for inspection not less than twenty-four (24) hours prior to the Closing.

8. Underwriter’s Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and the performance by the Town of its obligations under this Agreement, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Agreement shall be conditioned upon the performance by the Town of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

(a) Bring-Down Representations of the Town. The representations and covenants of the Town contained in this Agreement shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Town Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the Town as, in the opinion of Bond Counsel and counsel to the Underwriter (“Underwriter’s Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Town described in this Agreement and the Town Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Developers as, in the opinion of Miklos Cinclair, PLLC (“Developers’ Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Developers described in the Developer Letter of Representations, the Phase #2B-1 Developer Letter of Representations, the Development Agreement, the Landowner Agreements, the Continuing Disclosure Agreement of the Developer with respect to the Bonds, dated as of December 1, 2021, executed and delivered by the Phase #2B-1 Developer, MuniCap, Inc. as Administrator, and MuniCap, Inc., as dissemination agent (the “Continuing Disclosure Agreement of the Developer,”) and together with the Developer Letter of Representations, the Phase #2B-1 Developer Letter of Representations, the Development Agreement, and the Landowner Agreements, the “Developer Documents”; and (v) the Town shall perform or have performed its obligations required or specified in the Town Documents to be performed at or prior to Closing.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the Town Documents, the Developer Documents or other documents relating to the financing and construction of the Improvement Area #3 Improvements and the Development, and the Developer shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of such Developer to pay the Assessments when due.

(d) Closing Documents. At or prior to the Closing, the Underwriter or Underwriter’s Counsel shall have received each of the documents required under Section 9 below.

(e) Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Agreement without liability therefor by written notification to the Town if, between the date of this Agreement and the Closing, in the Underwriter’s sole and reasonable judgment, the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by the occurrence of any of the following:

(i) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either House thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either the U.S. Senate Committee on Finance or the U.S. House of Representatives Committee on Ways and Means or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation, or order (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the Town or upon interest on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the sale and delivery of the Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(ii) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or no action letter by, or on behalf of, the Securities and Exchange Commission ("SEC") or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act"); or

(iii) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; or

(iv) there shall have occurred any outbreak of hostilities (including, without limitation, an act of terrorism) or other national or international calamity or crisis, including, but not limited to, an escalation of hostilities that existed prior

to the date hereof, and the effect of any such event on the financial markets of the United States shall be such as would make it impracticable, in the reasonable judgment of the Underwriter, for it to sell the Bonds on the terms and in the manner contemplated by the Limited Offering Memorandum; or

(v) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Town, except as disclosed in or contemplated by the Limited Offering Memorandum; or

(vi) any state blue sky or securities commission or other governmental agency or body in any state in which more than 10% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(vii) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Town, its property, income, securities (or interest thereon), or the validity or enforceability of the Assessments to pay principal of and interest on the Bonds; or

(viii) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(ix) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

(x) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to Limited Offering Memorandum; or

(xi) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(xii) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(xiii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Limited Offering Memorandum, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws on the date of Closing, including the Securities Act, the Securities Exchange Act of 1934 (the “Securities Exchange Act”) and the Trust Indenture Act; or

(xiv) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (viii), (xiii) and (xiv) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

9. Closing Documents. At or prior to the Closing, the Underwriter’s Counsel shall receive the following documents:

(a) Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix D to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 9(b), to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Town and the Underwriter, in form and substance acceptable to counsel for the Underwriter, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Limited Offering Memorandum but that such firm has reviewed the statements and information describing the Bonds and appearing in the Limited Offering Memorandum 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,” “LEGAL MATTERS — Legal Opinions,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE” (except for the subcaptions “The Town’s Compliance with Prior Undertakings” and “The Phase #2B-1 Developer”), “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” and “APPENDIX A,” and Bond Counsel is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance and Indenture;

(ii) The Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(iii) The Town has full power and authority to adopt the Creation Resolution, the Assessment Ordinances, and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the “Town Actions”) and perform its obligations thereunder and the Town Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Development Agreement, the Landowner Agreements, the Town Continuing Disclosure Agreement and the Bond Purchase Agreement have been duly authorized, executed and delivered by the Town and, assuming the due authorization, execution and delivery of such instruments, documents, and agreements by the other parties thereto, constitute the legal, valid, and binding agreements of the Town, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors’ rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to local governmental entities.

(c) Town Legal Opinion. An opinion of an attorney for the Town, dated the Closing Date and addressed to the Underwriter, Underwriter’s Counsel, the Town and the Trustee, with respect to matters relating to the Town, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

(d) Opinion of Developers’ Counsel. An opinion of Developers’ Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to the Town, Bond Counsel, the Attorney for the Town, the Underwriter, Underwriter’s Counsel and the Trustee.

(e) Developers Certificates. A certificate of (i) the Developer dated as of the Closing Date, signed by an authorized officer of the Developer in substantially the form of Appendix E-1 hereto and (ii) the Phase #2B-1 Developer dated as of the Closing Date,

signed by an authorized officer of the Developer in substantially the form of Appendix E-2 hereto.

(f) Town Certificate. A certificate of the Town, dated the Closing Date, to the effect that, to an authorized Town official's knowledge:

(i) the representations and warranties of the Town contained herein and in the Town Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and Town Documents are in full force and effect and have not been amended, modified, or supplemented;

(iii) except as disclosed in the Limited Offering Memorandum, no litigation or proceeding against the Town is pending or, to the knowledge of such person, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Town to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Town or the establishment of the District, (c) contest the validity, due authorization and execution of the Bonds or the Town Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Town from levying and collecting the Assessments pledged to pay the principal of and interest on the Bonds, or the pledge thereof; and

(iv) the Town has, to such person's knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the Town Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing.

(g) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and validly existing as a national banking association organized under the laws of the United States of America, having the full power and authority, including trust powers, to accept and perform its duties under the Indenture; and

(ii) No consent, approval, authorization or other action by any governmental authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture;

(h) Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Winstead PC, Underwriter's Counsel, to the effect that:

(i) based on (A) such counsel's review of the Bond Ordinance, the Indenture, and the Limited Offering Memorandum; (B) its discussions with Bond Counsel and with the Underwriter; (C) its review of the documents, certificates, opinions and other instruments delivered at the closing of the sale of the Bonds on the date hereof; and (D) such other matters as it deems relevant, such counsel is of the opinion that the Bonds are exempt securities under the Securities Act, and the Trust Indenture Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act and the Indenture is not required to be qualified under the Trust Indenture Act;

(ii) based on (A) such counsel's review of Rule 15c2-12 and interpretive guidance published by the SEC relating thereto; (B) its review of the continuing disclosure undertaking of the Town contained in the Town Continuing Disclosure Agreement; and (C) the inclusion in the Limited Offering Memorandum of a description of the specifics of such undertaking, and assuming that the Bond Ordinance, the Indenture, and the Town Continuing Disclosure Agreement have been duly adopted by the Town and are in full force and effect, such undertaking provides a suitable basis for the Underwriter, to make a reasonable determination that the Town has met the qualifications of paragraph (b)(5)(i) of Rule 15c2-12; and

(iii) although such counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the information contained in the Limited Offering Memorandum, it has participated in the preparation of the Limited Offering Memorandum and without independent verification, no facts came to its attention that caused it to believe that the Limited Offering Memorandum (except for the Appendices as well as any other financial, engineering and statistical data contained therein or included therein by reference or any litigation disclosed therein, as to which it expresses no view) as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

(j) Delivery of Town Documents and Developer Documents. The Town Documents and Developer Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

(k) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(l) Federal Tax Certificate. A certificate of the Town in form and substance satisfactory to Bond Counsel and Underwriter's Counsel setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not

expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code.

(m) Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State’s Certificate of Registration for the Initial Bond.

(n) Continuing Disclosure Agreements. The Town Continuing Disclosure Agreement and the Continuing Disclosure Agreement of the Developer shall have been executed by the parties thereto in substantially the forms attached to the Limited Offering Memorandum as Appendix D-1 and Appendix D-2.

(o) Letter of Representation of Administrator. Letter of Representation of the Administrator, substantially in the form of Appendix F hereto, addressed to the Town, Bond Counsel, the Underwriter, Underwriter’s Counsel, and the Trustee, or in form otherwise agreed upon by the Underwriter.

(p) Letter of Representation of Development Consultant. Letter of Representation of the Development Consultant, substantially in the form of Appendix G hereto, addressed to the Town, Bond Counsel, the Underwriter, counsel to the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter.

(q) Evidence of Filing of Creation Resolution, Assessment Ordinances, and Landowner Agreements. Evidence that (i) the Creation Resolution, including legal description of the District by metes and bounds, (ii) the Assessment Ordinances, including the Improvement Area #3 Assessment Roll and a statement indicating the contact for and address of where a copy of the Service and Assessment Plan, and any updates thereto may be obtained or viewed, and (iii) the Landowner Agreements have been filed of record in the real property records of Denton County, Texas.

(r) Rule 15c2-12 Certification. A resolution or certificate of the Town (which may be included in the Bond Ordinance) whereby the Town has deemed the Preliminary Limited Offering Memorandum “final” as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Bonds.

(s) Lender Consent Certificate. Lender Consent Certificate of First Continental Investment Company, Ltd. and any other lienholder on land in the District, consenting to and acknowledging the creation of the District, the adoption of the Assessment Ordinances, the levy of the Assessments, and the subordination of its lien to the lien created by the Assessments in a form acceptable to the Underwriter.

(t) Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the Town has engaged a dissemination agent acceptable to the Underwriter for the Bonds, with the execution of the Town Continuing Disclosure Agreement and the Continuing Disclosure Agreement of the Developer by other parties thereto being conclusive evidence of such acceptance by the Underwriter.

(u) BLOR. A copy of the Blanket Letter of Representation to DTC relating to the Bonds and signed by the Town.

(v) Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or their counsel may reasonably deem necessary.

10. Town's Closing Conditions. The obligation of the Town hereunder to deliver the Bonds shall be subject to receipt on or before Closing Date of the purchase price set forth in Section 1 hereof, and the opinion of Bond Counsel described in Section 9(a) hereof.

11. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on or before Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Town and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Town under this Section to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Financial Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Financial Advisor or Bond Counsel.

(b) The Underwriter confirms that it has offered all the Bonds of each maturity to the public on or before the date of this Agreement at the respective offering price (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. At or promptly after the execution of this Agreement, the Underwriter shall report to the Town as of the sale date the first price at which the Underwriter has sold to the public at least 10% of each maturity of Bonds (the "10% test"), and shall identify to the Town as of the sale date those maturities of the Bonds for which the 10% test has not been satisfied. If different interest coupons apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity for this purpose.

(c) The Town and the Underwriter agree that the restrictions set forth in the next sentence shall apply to those maturities of the Bonds for which the 10% test has not been met as of the sale date, which will allow the Town to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Town when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if such sale occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and each third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and (C) acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public. The Town acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires and (ii) in the event that the Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Town further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

12. Consequences of Termination. If the Town shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the Town shall have no further obligation hereunder, except as further set forth in Sections 13, 15 and 16 hereof.

13. Costs and Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Town shall cause to be paid from proceeds of the Bonds the following expenses incident to the issuance of the Bonds and performance of the Town’s obligations hereunder: (i) the costs of the preparation and printing of the Bonds; (ii) the cost of preparation, printing, and mailing of the final Limited Offering Memorandum and any supplements and amendments thereto; (iii) the fees and disbursements of the Town’s financial advisor and legal counsel, the Trustee’s counsel, Bond Counsel, Developers’ Counsel, the Trustee, the Underwriter, and Underwriter’s Counsel relating to the issuance of the Bonds, (iv) the Attorney General’s review fees, (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the Town or the Developer, including but not limited to the fees and expenses of the Administrator, and (vi) the expenses incurred by or on behalf of Town employees and representatives that are incidental to the issuance of the Bonds and the performance by the Town of its obligations under this Agreement.

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the Bonds and (ii) all other expenses, including CUSIP fees

(including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with the Placement of the Bonds, except as noted in Subsection 13(a) above.

(c) The Town agrees that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

14. Notice. Any notice or other communication to be given to the Town under this Agreement may be given by delivering the same in writing to: Town of Little Elm, Texas, 100 W. Eldorado Parkway, Little Elm, Texas 75068, Attention: Town Manager. Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the Town and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Town's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the Town shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Sections 16 and 18 shall survive any termination of this Agreement.

16. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Agreement or in connection with the transactions described in by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

19. State Law Governs. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Texas.

20. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the Town without the prior written consent of the other parties hereto.

21. No Personal Liability. None of the members of the Town Council, nor any officer, representative, agent, or employee of the Town, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Agreement.

22. Form 1295. Submitted herewith or on a date prior hereto is a completed Form 1295 in connection with the Underwriter'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 Town hereby confirms receipt of the Form 1295 from the Underwriter. The Underwriter and the Town understand and agree that, with the exception of information identifying the Town and the contract identification number, neither the Town 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 Underwriter; and, neither the Town nor its consultants have verified such information.

23. Anti-Boycott Verification. The Underwriter hereby verifies that the Underwriter and its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Contract is a contract for goods or services, will not boycott Israel during the term of this Contract. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal Law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Underwriter understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

24. Iran, Sudan and Foreign Terrorist Organizations. The Underwriter hereby represents that neither the Underwriter nor any of its parent companies, 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, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Underwriter 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. The Underwriter understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

25. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Underwriter 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. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

26. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, “SB 19”), Texas Government Code, as amended, the Underwriter hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; and
- (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an

existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The Underwriter understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

FMSBONDS, INC.,
as Underwriter

By: _____
Name: Theodore A. Swinarski
Title: Senior Vice President – Trading

Accepted at _____ a.m./p.m. central time on the
date first stated above.

TOWN OF LITTLE ELM, TEXAS

By: _____
Mayor

SCHEDULE I

\$[PAR AMOUNT]
TOWN OF LITTLE ELM, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)

Interest Accrues From: Date of Delivery

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

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

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

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

-
- (a) The initial prices or yields of the Bonds are furnished by the Underwriter, have been determined in accordance with the "10% test".
- (b) The Bonds maturing on or after September 1, 20__ are subject to redemption, in whole or in part, prior to stated maturity, at the option of the Town, on any date on or after September 1, 20__, at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption, as set forth in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."
price of par plus accrued interest to the date of redemption, as set forth
- (c) The Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."

The Bonds are subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

\$ _____ Term Bonds Maturing September 1, 20__

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

\$ _____ Term Bonds Maturing September 1, 20__

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

† Final Maturity

APPENDIX A-1

FORM OF DEVELOPER LETTER OF REPRESENTATIONS

**\$(PAR AMOUNT)
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3
PROJECT)**

DEVELOPER LETTER OF REPRESENTATIONS

December 7, 2021

Town of Little Elm, Texas
100 W. Eldorado Parkway
Little Elm, Texas 75068

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Ladies and Gentlemen:

This letter is being delivered to the Town of Little Elm, Texas (the “Town”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$(PAR AMOUNT) “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)” (the “Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the Town, and the Town has agreed to sell to the Underwriter, the Bonds. In order to induce the Town to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the Town and the purchase of them by the Underwriter, the undersigned, Valencia on the Lake, L.P., a Texas limited partnership (the “Developer”), makes the representations, warranties, and covenants contained in this Developer Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, the Developer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Developer, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Developer becomes aware of any fact or event which might or would cause the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum to comply with law, the Developer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request); however, that for the purposes of this Developer Letter of Representations and any certificate delivered by the Developer in accordance with the Bond Purchase Agreement, the Developer makes no representations with respect to (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York, or its book-entry-only system and (ii) the information in the Limited Offering Memorandum under the captions “THE TOWN,” “THE DISTRICT,” “BONDHOLDERS’ RISKS” (except as it pertains to the Developer, the Improvement Area #3 Improvements and the Development, as defined in the Limited Offering Memorandum), “TAX MATTERS,” “LEGAL MATTERS — Litigation — The Town,” “CONTINUING DISCLOSURE — The Town,” and “— The Town’s Compliance with Prior Undertakings,” and “INFORMATION RELATING TO THE TRUSTEE.”

3. Developer Documents. The Developer has executed or caused the execution of and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of Developer, enforceable against Developer in accordance with its terms:

(a) this Developer Letter of Representations; and

(b) that certain “Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer effective as of November 5, 2013; as amended by that “First Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of September 16, 2014; as amended by that “Second Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of June 2, 2015; as amended by that “Third Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax

Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 16, 2016; as amended by that “Fourth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 2, 2016; as amended by that “Fifth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 15, 2017; as amended by that “Sixth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 2, 2021, and as may be further amended, (collectively, the “Development Agreement”).

The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

4. Developer Representations, Warranties and Covenants. The Developer represents, warrants, and covenants to the Town and the Underwriter that:

(a) Due Organization and Existence. The Developer is duly formed and validly existing as a limited liability company under the laws of the State of Texas.

(b) Organizational Documents. The copies of the organizational documents of the Developer provided by the Developer (the “Developer Organizational Documents”) to the Town and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

(c) No Breach. The execution and delivery of the Developer Documents by the Developer does not violate any judgment, order, writ, injunction or decree binding on the Developer or any indenture, agreement, or other instrument to which the Developer is a party.

(d) No Litigation. Other than as described in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, there are no proceedings pending or threatened in writing before any court or administrative agency against the Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

(e) Information. The information prepared and submitted by the Developer to the Town or the Underwriter in connection with the preparation of the Preliminary

Limited Offering Memorandum or the Limited Offering Memorandum was, and is, as of this date, and will be as of the date of the Limited Offering Memorandum, true and correct in all material respects.

(f) Preliminary Limited Offering Memorandum. The Developer represents and warrants that the information set forth in the Preliminary Limited Offering Memorandum under the captions “PLAN OF FINANCE — Development Plan and Plan of Finance,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS” “THE DEVELOPMENT,” and, to the best of the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #3 Improvements and the Development, as defined in the Limited Offering Memorandum) is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

(g) Events of Default. No “Event of Default” or “event of default” by the Developer under any of the Developer Documents, any documents to which the Developer is a party described in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #3 Improvements to which the Developer is a party, or event that, with the passage of time or the giving of notice or both, would constitute such “Event of Default” or “event of default,” by the Developer has occurred and is continuing.

5. Indemnification.

(a) The Developer will indemnify and hold harmless the Town and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions “PLAN OF FINANCE — The District, Improvement Area #3 Development Plan and Status of Development,” and “— Financing of Development in Improvement Area #of the District,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “THE DEVELOPMENT,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #3 Improvements, and the Development, as defined in the Limited Offering Memorandum), or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any

indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

(b) Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the Town, the Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Developer Letter of Representations will be binding upon the Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the Town, and no other person or firm or entity will acquire or have any right under or by virtue of this Developer Letter of Representations.

[Signature pages to follow]

DEVELOPER:

VALENCIA ON THE LAKE, L.P.,
a Texas limited partnership

By: Valencia on the Lake GP, LLC,
a Texas limited liability company
Its General Partner

By: _____
Name: Mehrdad Moayed
Its Manager

APPENDIX A-2

FORM OF PHASE #2B-1 DEVELOPER LETTER OF REPRESENTATIONS

**\$(PAR AMOUNT)
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3
PROJECT)**

**PHASE #2B-1 DEVELOPER LETTER OF
REPRESENTATIONS**

December 7, 2021

Town of Little Elm, Texas
100 W. Eldorado Parkway
Little Elm, Texas 75068

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Ladies and Gentlemen:

This letter is being delivered to the Town of Little Elm, Texas (the “Town”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$(PAR AMOUNT) “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)” (the “Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the Town, and the Town has agreed to sell to the Underwriter, the Bonds. In order to induce the Town to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the Town and the purchase of them by the Underwriter, the undersigned, MM Valencia 2BFC, LLC, a Texas limited liability company (the “Phase #2B-1 Developer”), makes the representations, warranties, and covenants contained in this Phase #2B-1 Developer Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Phase #2B-1 Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, the Phase #2B-1 Developer understands, and hereby

confirms, that the Underwriter is not acting as a fiduciary of the Phase #2B-1 Developer, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Phase #2B-1 Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Phase #2B-1 Developer becomes aware of any fact or event which might or would cause the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum to comply with law, the Phase #2B-1 Developer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request); however, that for the purposes of this Phase #2B-1 Developer Letter of Representations and any certificate delivered by the Phase #2B-1 Developer in accordance with the Bond Purchase Agreement, the Phase #2B-1 Developer makes no representations with respect to (i) the descriptions in the Limited Offering Memorandum of The Depository Trust Company, New York, New York, or its book-entry-only system and (ii) the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions “THE TOWN,” “THE DISTRICT,” “BONDHOLDERS’ RISKS” (except as it pertains to the Developer, the Improvement Area #3 Improvements and the Development, as defined in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum), “TAX MATTERS,” “LEGAL MATTERS — Litigation — The Town,” “CONTINUING DISCLOSURE — The Town,” and “— The Town’s Compliance with Prior Undertakings,” and “INFORMATION RELATING TO THE TRUSTEE.”

3. Phase #2B-1 Developer Documents. The Phase #2B-1 Developer has executed or caused the execution of and delivered each of the below listed documents (individually, a “Phase #2B-1 Developer Document” and collectively, the “Phase #2B-1 Developer Documents”) in the capacity provided for in each such Phase #2B-1 Developer Document, and each such Phase #2B-1 Developer Document constitutes a valid and binding obligation of Phase #2B-1 Developer, enforceable against Phase #2B-1 Developer in accordance with its terms:

- (a) this Phase #2B-1 Developer Letter of Representations;
- (b) that certain “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) “Continuing Disclosure Agreement of the Developer”, dated as of December 1, 2021 made by and among the Phase #2B-1 Developer, MuniCap, Inc., as Administrator and MuniCap, Inc., as Dissemination Agent; and

- (c) that certain “Phase #2B-1 Developer Landowner Agreement” effective as of December 7, 2021 executed by the Town and the Phase #2B-1 Developer.

The Phase #2B-1 Developer has complied in all material respects with all of the Phase #2B-1 Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Phase #2B-1 Developer under the Phase #2B-1 Developer Documents on or prior to the date hereof.

4. Phase #2B-1 Developer Representations, Warranties and Covenants. The Phase #2B-1 Developer represents, warrants, and covenants to the Town and the Underwriter that:

(h) Due Organization and Existence. The Phase #2B-1 Developer is duly formed and validly existing as a limited liability company under the laws of the State of Texas.

(i) Organizational Documents. The copies of the organizational documents of the Developer provided by the Phase #2B-1 Developer (the “Phase #2B-1 Developer Organizational Documents”) to the Town and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

(j) No Breach. The execution and delivery of the Phase #2B-1 Developer Documents by the Phase #2B-1 Developer does not violate any judgment, order, writ, injunction or decree binding on the Phase #2B-1 Developer or any indenture, agreement, or other instrument to which the Phase #2B-1 Developer is a party.

(k) No Litigation. Other than as described in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, there are no proceedings pending or threatened in writing before any court or administrative agency against the Phase #2B-1 Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Phase #2B-1 Developer to perform its obligations under the Phase #2B-1 Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

(l) Information. The information prepared and submitted by the Phase #2B-1 Developer to the Town or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum was, and is, as of this date, and will be as of the date of the Limited Offering Memorandum, true and correct in all material respects.

(m) Preliminary Limited Offering Memorandum. The Phase #2B-1 Developer represents and warrants that the information set forth in the Preliminary Limited Offering Memorandum under the captions “PLAN OF FINANCE — The District, Improvement Area #3 Development Plan and Status of Development,” and “— Financing of Development Improvement Area #3 of the District,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS” “THE DEVELOPMENT,” “THE PHASE #2B-1 DEVELOPER”

“CONTINUING DISCLOSURE – The Phase #2B-1 Developer”, and, to the best of the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #3 Improvements and the Development, as defined in the Limited Offering Memorandum) and “LEGAL MATTERS — Litigation — The Phase #2B-1 Developer” is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Phase #2B-1 Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

(n) Events of Default. No “Event of Default” or “event of default” by the Phase #2B-1 Developer under any of Phase #2B-1 Developer Documents, any documents to which the Phase #2B-1 Developer is a party described in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #3 Improvements to which the Phase #2B-1 Developer is a party, or event that, with the passage of time or the giving of notice Phase #2B-1 Developer both, would constitute such “Event of Default” or “event of default,” by the Phase #2B-1 Developer has occurred and is continuing.

5. Indemnification.

(a) The Phase #2B-1 Developer will indemnify and hold harmless the Town and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions “PLAN OF FINANCE — The District, Improvement Area #3 Development Plan and Status of Development,” and “— Financing of Development in Improvement Area #3 of the District,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “THE DEVELOPMENT,” “THE PHASE #2B-1 DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Phase #2B-1 Developer, the Improvement Area #3 Improvements, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Phase #2B-1 Developer,” and “CONTINUING DISCLOSURE – The Phase #2B-1 Developer” or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

(b) Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the Town, the Phase #2B-1 Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Phase #2B-1 Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Phase #2B-1 Developer Letter of Representations will be binding upon the Phase #2B-1 Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the Town, and no other person or firm or entity will acquire or have any right under or by virtue of this Phase #2B-1 Developer Letter of Representations.

[Signature pages to follow]

DEVELOPER:

MM VALENCIA 2BFC, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayedi
Its: Manager

APPENDIX B

\$(PAR AMOUNT)
TOWN OF LITTLE ELM, TEXAS, SPECIAL ASSESSMENT
REVENUE BONDS, SERIES 2021 (VALENCIA PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #3 PROJECT)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of FMSbonds, Inc. (“FMS”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Plano, Texas (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) FMS offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, FMS agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which FMS sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, limited liability company, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 7, 2021.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents FMS’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Tax Exemption with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

EXECUTED and DELIVERED this _____, 2021.

FMSBONDS, INC.

By: _____

Name: _____

Title: _____

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES
OF THE HOLD-THE-OFFERING MATURITIES**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT WRITTEN COMMUNICATION

(Attached)

APPENDIX C

[LETTERHEAD OF BROWN & HOFMEISTER, L.L.P.]

[CLOSING DATE], 2021

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248

Winstead PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201

Town of Little Elm
Attn: Town Manager
100 W. Eldorado Parkway
Little Elm, Texas 75068

\$[PAR AMOUNT]
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)

Ladies and Gentlemen:

I am the Town Attorney of the Town of Little Elm, Texas (the “Town”) and render this opinion in connection with the issuance and sale of \$[PAR AMOUNT] “Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Improvement District Improvement Area #3 Project)” (the “Bonds”), by the Town, a political subdivision of the State of Texas (the “State”).

The Bonds are authorized pursuant to Ordinance No. [_____] and enacted by the Town Council of the Town (the “Town Council”) on December 7, 2021 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “Act”) and the Indenture of Trust dated as of December 1, 2021 (the “Indenture”) by and between the Town and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds are being sold to FMSbonds, Inc. pursuant to the Bond Purchase Agreement dated December 7, 2021 between the Town and FMSbonds, Inc. (the “Bond Purchase Agreement”). This opinion is being delivered pursuant to Section 9(c) of the Bond Purchase Agreement. Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein.

In connection with rendering this opinion, I have reviewed:

(a) Resolution No. 09171301 (the “Creation Resolution”), enacted by the Town Council on September 17, 2013;

(b) (i) Ordinance No. [] approved by the Town Council on June 6, 2017, and the Service and Assessment Plan (the “Service and Assessment Plan”) attached as an exhibit thereto and (ii) Ordinance No. [] approved by the Town Council on December 7, 2021, and the Service and Assessment Plan (the “Service and Assessment Plan”) attached as an exhibit thereto (together, the “Assessment Ordinances”);

(c) The Bond Ordinance;

(d) The Indenture;

(e) The Bond Purchase Agreement;

(f) That certain “Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and Valencia on the Lake, L.P., a Texas limited partnership (the “Developer”) effective as of November 5, 2013; as amended by that “First Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of September 16, 2014; as amended by that “Second Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of June 2, 2015; as amended by that “Third Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 16, 2016; as amended by that “Fourth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 2, 2016; as amended by that “Fifth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 15, 2017; as amended by that “Sixth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 2, 2021, and as may be further amended, (collectively, the “Development Agreement”);

(g) That certain Continuing Disclosure Agreement of Issuer with respect to the Bonds, dated as of December 1, 2021 (the “Town Continuing Disclosure Agreement”), executed and delivered by the Town, MuniCap, Inc., as Administrator, and MuniCap, Inc., as Dissemination Agent;

(h) That certain (i) the “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021 executed by the Town and Tri Pointe Homes DFW, LLC, (ii) the “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021, executed by the Town and D.R. Horton – Texas, Ltd., and (iii) the “Phase #2B-1 Landowner Agreement” effective as of December 7, 2021, executed by the Town and MM Valencia 2BFC, LLC (collectively, the “Landowner Agreements”);

(i) Such other documents, records, agreements or certificates as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

The Creation Resolution, the Assessment Ordinances, the Indenture and the Bond Ordinance shall hereinafter be collectively referred to as the "Authorizing Documents" and the remaining documents shall hereinafter be collectively referred to as the "Town Documents."

In all such examinations, I have assumed that all signatures on documents and instruments executed by the Town are genuine and that all documents submitted to me as copies conform to the originals. In addition, for purposes of this opinion, I have assumed the due authorization, execution and delivery of the Town Documents by all parties other than the Town.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, I am of the opinion that:

1. The Town is a Texas political subdivision and has all necessary power and authority to enter into and perform its obligations under the Authorizing Documents and the Town Documents. The Town has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the Authorizing Documents and the Town Documents and the performance of its obligations thereunder.

2. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or threatened against the Town: (a) affecting the existence of the Town or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the Assessments in Improvement Area #3 of the District pursuant to the provisions of the Assessment Ordinances and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the Town's performance of the Town Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the Town.

3. The Authorizing Documents were duly enacted by the Town and remain in full force and effect on the date hereof.

4. The Town Documents have been duly authorized, executed and delivered by the Town and are legal, valid and binding obligations of the Town enforceable against the Town in accordance with their respective terms. However, the enforceability of the obligations of the Town under such Town Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, or (c) the application of State law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

6. No further consent, approval, authorization, or order of any court or governmental agency or body or official is required to be obtained by the Town as a condition precedent to the performance by the Town of its obligations under the Authorizing Documents and the Town Documents (other than those that have been or will be obtained prior to the delivery of the Bonds, including the opinion of the Texas Attorney General).

7. The Town has duly authorized and delivered the Limited Offering Memorandum.

8. Based upon my limited participation in the preparation of the Limited Offering Memorandum, the statements and information contained in the Limited Offering Memorandum with respect to the Town under the captions and subcaptions “ASSESSMENT PROCEDURES – Assessment Methodology” and “ – Assessment Amounts,” “THE TOWN,” “THE DISTRICT,” “THE DEVELOPMENT AGREEMENT,” “LEGAL MATTERS – Litigation – The Town,” “CONTINUING DISCLOSURE – The Town” and “– The Town’s Compliance with Prior Undertakings” and “APPENDIX A” are a fair and accurate summary of the laws and the documents and facts summarized therein.

9. The adoption of the Authorizing Documents, the execution and delivery of the Town Documents and the compliance with the provisions of the Authorizing Documents and the Town Documents under the circumstances contemplated thereby, to the best of my knowledge: (a) do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement to which the Town is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the Town a violation, breach of or default under any existing law, regulation, constitutional provision, court order or consent decree to which the Town is subject.

This opinion letter has been rendered solely for the benefit of the addressees named above in connection with the transactions described therein, and may not be used, circulated, quoted, relied upon or otherwise referred to for any other purpose or by any other person without our prior written consent. This opinion letter does not constitute a warranty or guarantee or an opinion as to matters of fact and should not be construed or relied upon as such. This opinion letter is as of the date hereof only, and I undertake no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein.

Very truly yours,

BROWN & HOFMEISTER, L.L.P.
ATTORNEY FOR THE TOWN

APPENDIX D

[LETTERHEAD OF MIKLOS CINCLAIR]

[CLOSING DATE], 2021

Town of Little Elm, Texas
100 W. Eldorado Parkway
Little Elm, Texas 75068

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248

Winstead PC
2728 N. Harwood Street
Dallas, Texas 75201

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201

Town of Little Elm
Attn: Town Attorney
100 W. Eldorado Parkway
Little Elm, Texas 75068

\$[PAR AMOUNT]
TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3
PROJECT)

Ladies & Gentlemen:

We have acted as special counsel to Valencia on the Lake, L.P., a Texas limited partnership (the “*Developer*”) and MM Valencia 2BFC, LLC, a Texas limited liability company (the “*Phase #2B-1 Developer*” and together with the Developer, the “*Developers*”) in connection with the issuance and sale by the Town of Little Elm, Texas (the “*Town*”), of \$[PAR AMOUNT] Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) (the “*Bonds*”), pursuant to the Indenture of Trust dated as of December 1, 2021 (the “*Indenture*”), by and between the Town and Wilmington Trust, National Association, as trustee (the “*Trustee*”). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as “Valencia on the Lake” (the “*Development*”) located in the Town.

The Bonds are being sold by FMSbonds, Inc. (the “*Underwriter*”), pursuant to that certain Bond Purchase Agreement dated December 7, 2021 (the “*Bond Purchase Agreement*”), between the Town and the Underwriter.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

In our capacity as special counsel to the Developers, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

(a) The following documents (collectively, the “*Material Documents*”):

(1) the *Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer effective as of November 5, 2013; as amended by that *First Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of September 16, 2014; as amended by that *Second Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of June 2, 2015; as amended by that *Third Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of February 16, 2016; as amended by that *Fourth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of August 2, 2016; as amended by that *Fifth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of August 15, 2017; as amended by that *Sixth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement* between the Town and the Developer, effective as of February 2, 2021, and as may be further amended;

(2) the *Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) Continuing Disclosure Agreement of the Developer* dated as of December 1, 2021 among the Phase #2B-1 Developer, MuniCap, Inc., as Administrator and MuniCap, Inc., as Dissemination Agent;

(3) the *Phase #2B-1 Landowner Agreement* effective as of December 7, 2021 executed by the Town and the Phase #2B-1 Developer (*the Landowner Agreement*”); and

(4) the *Developer Letter of Representations* dated as of December 7, 2021;

(5) the *Phase #2B-1 Developer Letter of Representations* dated as of December 7, 2021;

(b) General Certificate of the Developer and the Closing Certificate of the Developer, each dated as of the date hereof (together, the “*Developer Certificate*”);

(c) General Certificate of the Phase #2B-1 Developer and the Closing Certificate of the Phase #2B-1 Developer, each dated as of the date hereof (together, the “*Phase #2B-1 Developer Certificate*”);

(d) The final Limited Offering Memorandum, dated [CLOSING DATE], 2021, relating to the issuance of the Bonds (the “*Limited Offering Memorandum*”); and

(e) Such other documents, records, agreements and certificates of the Developers as we have deemed necessary or appropriate to render the opinions expressed below.

In basing the opinions and other matters set forth herein on “our knowledge,” the words “our knowledge” signify that, in the course of our representation of the Developers the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. The words “our knowledge” and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation (other than the Developers), that: (i) the due authorization, execution, and delivery of each of the documents referred to in this opinion letter by all parties thereto and that each such document constitutes a valid, binding, and enforceable obligation of each party thereto, (ii) all of the parties to the documents referred to in this opinion letter are duly organized, validly existing, in good standing and have the requisite power, authority (corporate, limited liability company, partnership or other) and legal right to execute, deliver, and perform its obligations under such documents (except to the extent set forth in our opinions set forth herein regarding valid existence and power and authority of the Developers to execute, deliver, and perform its obligations under the Material Documents), (iii) each certificate from governmental officials reviewed by us is accurate, complete, and authentic, and all official public records are accurate and complete, (iv) the legal capacity of all natural persons, (v) the genuineness of all signatures (other than those of the Developers in respect of the Material Documents), (vi) the authenticity and accuracy of all documents submitted to us as originals, (vii) the conformity to original documents of all documents submitted to us as photostatic or certified copies, (viii) that no laws or judicial, administrative, or other action of any governmental authority of any jurisdiction not expressly opined to herein would adversely affect the opinions set forth herein, and (ix) that the execution and delivery by each party of, and performance of its agreements in, the Material Documents do not breach or result in a default under any existing obligation of such party under any agreements, contracts or instruments to which such party is a party to or otherwise subject to or any order, writ, injunction or decree of any court applicable to such party.

In addition, we have assumed that the Material Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Material Documents have not been amended,

modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Material Documents.

We assume that none of the parties to the Material Documents (other than Developers) is a party to any court or regulatory proceeding relating to or otherwise affecting the Material Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Material Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof. We assume that each of the parties to the Material Documents (other than Developers) has full authority to close this transaction in accordance with the terms and provisions of the Material Documents.

We assume that neither the Underwriter nor the Town nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We have only been engaged by our clients in connection with the Material Documents (and the transactions contemplated in the Material Documents) and do not represent these clients generally.

Opinions and Assurances

Based solely upon the foregoing, and subject to the assumptions and limitations set forth herein, we are of the opinion that:

1. The execution and delivery by the Developers of the Material Documents and the performance by the Developers of their obligations under the Material Documents will not (i) violate any applicable law; or (ii) conflict with or result in the breach of any court decree or order of any governmental body identified in the Developer Certificate and the Phase #2B-1 Developer Certificate or otherwise actually known to the lawyers who have provided substantive attention to the representation reflected in this opinion binding upon or affecting the Developers, the conflict with which or breach of which would have a material, adverse effect on the ability of the Developers to perform their obligations under the Material Documents to which it is a party.

2. To our knowledge, no governmental approval which has not been obtained or taken is required to be obtained or taken by the Developers on or before the date hereof as a condition to the performance by the Developers of their obligations under the Material Documents to which it is a party, except for governmental approvals that may be required to comply with certain covenants contained in the Material Documents (including, without limitation, covenants to comply with applicable laws).

3. The Developers have duly executed and delivered each of the Material Documents to which they are a party, and each of the Material Documents constitute the legal, valid, and binding obligations of the Developers, enforceable against the Developers in accordance with their respective terms, subject to the following qualifications: (i) the effect of applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and (ii) the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity), and

(iii) the effect that enforceability of the indemnification provisions therein may be limited, in whole or in part. The execution, delivery, and performance by the Developers of their obligations under the Material Documents do not violate any existing laws of the State of Texas applicable to the Developers.

4. To our knowledge after reasonable inquiry, there are no actions, suits or proceedings pending or threatened against the Developers identified in the Developer Certificate and the Phase #2B-1 Developer Certificate or otherwise actually known to the lawyers who have provided substantive attention to the representation reflected in this opinion in any court of law or equity, or before or by any governmental instrumentality with respect to the validity or enforceability against it of such Material Documents or the transactions described therein.

5. The execution and delivery of the Material Documents do not, and the transactions described therein may be consummated and the terms and conditions thereof may be observed and performed in a manner that does not, conflict with or constitute a breach of or default under any loan agreement, Indenture, bond note, resolution, agreement or other instrument to which the Developers are a party or is otherwise subject and which have been identified in the Developer Certificate and the Phase #2B-1 Developer Certificate which violation, breach or default would materially adversely affect the Developers or their performance of its obligations under the transactions described in the Material Documents; nor will any such execution, delivery, adoption, fulfillment, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Developers, except as expressly described in the Material Documents (a) under applicable law or (b) under any such loan agreement, indenture, bond note, resolution, agreement, or other instrument.

6. The information set forth in the Limited Offering Memorandum under the captions "*PLAN OF FINANCE — The District, Improvement Area #3 Development Plan and Status of Development,*" and "*— Financing of the Development in Improvement Area #3 of the District,*" "*THE IMPROVEMENT AREA #3 IMPROVEMENTS,*" "*THE DEVELOPMENT,*" "*THE PHASE #2B-1 DEVELOPER,*" "*THE PHASE #3B DEVELOPER,*" "*BONDHOLDERS' RISKS*" (only as it pertains to the Developer, the Phase #2B-1 Developer, the Improvement Area #3 Improvements, and the Development, as defined in the Limited Offering Memorandum)," "*LEGAL MATTERS — Litigation — The Phase #2B-1 Developer,*" and "*CONTINUING DISCLOSURE – The Phase #2B-1 Developer,*" adequately and fairly describe the information summarized under such captions and are correct as to matters of law.

7. Subject to the below qualifications and based upon our participation in the preparation of the Limited Offering Memorandum and our participation at conferences with representatives of the Underwriter and its Counsel, of the Town and its counsel, and with representatives of the Developers at which the Limited Offering Memorandum and related matters were discussed, and although we have not independently verified the information in the Limited Offering Memorandum and are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Limited Offering Memorandum and any amendment or supplement thereto, no facts have come to our attention that lead us to believe that the information set forth under the captions referenced in the preceding paragraph as of the date of the Limited Offering Memorandum and the date hereof,

contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Qualifications

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions set forth above are subject to the following assumptions and qualifications:

(a) We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.

(b) We have relied upon the Developer Certificate and the Phase #2B-1 Developer Certificate, as well as the representations of the Developers contained in the Material Documents, with respect to certain facts material to our opinion. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

(c) Our opinion delivered pursuant to Section 3 above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally and to the effect of general principles of equity, including (without limitation) remedies of specific performance and injunctive relief and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(d) Except for the Material Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Developers are a party or by which the Developers are or may be bound.

(e) The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas and the laws of the United States of America, excluding the principles of conflicts of laws thereof, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the United States of America, we do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

(f) This letter is strictly limited to the matters expressly set forth herein and no statements or opinions should be inferred beyond such matters.

(g) Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property.

(h) The opinions expressed herein regarding the enforceability of the Material Documents are subject to the qualification that certain of the remedial, waiver or other provisions

thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Material Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Material Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

(i) The opinion expressed herein as to the enforceability of the Material Documents is specifically subject to the qualification that enforceability of the Material Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.

(j) We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Material Documents.

(k) We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.

(l) The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

(m) We express no opinion as to the enforceability of any provisions in the Material Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to those parties addressed in this letter solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon for any other purpose or by any other person in any manner or for any purpose.

[Signature page to follow]

Very truly yours,
Miklos Cinclair, PLLC

By: _____
Name: _____

APPENDIX E-1

CLOSING CERTIFICATE OF DEVELOPER

Valencia on the Lake, L.P., a Texas limited partnership (the “Developer”), DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Developer is a limited partnership organized, validly existing and in good standing under the laws of the State of Texas.

2. Representatives of the Developer have provided information to the Town of Little Elm, Texas (the “Town”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the Town of its \$[PAR AMOUNT] aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) (the “Bonds”), pursuant to the Town’s Limited Offering Memorandum dated [CLOSING DATE], 2021 (the “Limited Offering Memorandum”).

3. The Developer has delivered to the Underwriter and the Town true, correct, complete and fully executed copies of the Developer’s organizational documents, and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

4. The Developer has delivered to the Underwriter and the Town a (i) Certificate of Status from the Texas Secretary of State and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

5. The Developer has executed or caused the execution of, and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of Developer, enforceable against Developer in accordance with its terms:

(a) that certain Developer Letter of Representations dated December 7, 2021;
and

(b) that certain “Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and Valencia on the Lake, L.P., a Texas limited partnership (the “Developer”) effective as of November 5, 2013; as amended by that “First Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of September 16, 2014; as amended by that “Second Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of June 2, 2015; as amended by that “Third Amendment to the Valencia on the Lake Pre-Annexation Agreement,

Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 16, 2016; as amended by that “Fourth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 2, 2016; as amended by that “Fifth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of August 15, 2017; as amended by that “Sixth Amendment to the Valencia on the Lake Pre-Annexation Agreement, Development Agreement, Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement” between the Town and the Developer, effective as of February 2, 2021, and as may be further amended, collectively, the “Development Agreement”)

6. The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

7. The execution and delivery of the Developer Documents by Developer does not violate any judgment, order, writ, injunction or decree binding on Developer or any indenture, agreement, or other instrument to which Developer is a party. To the Developer’s knowledge, after due inquiry, there are no proceedings pending or threatened in writing before any court or administrative agency against Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum.

8. The Developer has reviewed and approved the information contained in the Limited Offering Memorandum under the captions “PLAN OF FINANCE – The District, Improvement Area #3 Development Plan and Status of Development,” and “– Financing of Development in Improvement Area #3 of the District,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “THE DEVELOPMENT,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #3 Improvements, and the Development), and certifies that the same 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 therein, in the light of the circumstances under which they are made, not misleading respecting such Developer and the portion of the Development owned by such Developer, provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

9. The Developer is in compliance in all material respects with all provisions of applicable law in all material respects relating to Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) there is no default of any zoning condition, land use permit or development agreement binding upon Developer or any portion of the Development that would materially and adversely affect Developer’s ability to

complete or cause to be completed the development of such portion of the Development as described in the Limited Offering Memorandum; and (b) we have no reason to believe that any additional permits, consents and licenses required to complete the Development as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

10. The Developer is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

11. The levy of the Assessments (as defined in the Limited Offering Memorandum) on property in the District owned by the Developer will not conflict with or constitute a breach of or default under any agreement, indenture or other instrument to which Developer is a party or to which Developer or any of its property or assets is subject.

12. The Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and adverse effect on the Bonds or the development of the Development.

13. The Developer has no knowledge of any physical condition of the Development owned or to be developed by Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: _____, 2021

DEVELOPER:

VALENCIA ON THE LAKE, L.P.,
a Texas limited partnership

By: Valencia on the Lake GP, LLC,
a Texas limited liability company
Its General Partner

By: _____
Name: Mehrdad Moayed
Its Manager

APPENDIX E-2

CLOSING CERTIFICATE OF PHASE #2B-1 DEVELOPER

MM Valencia 2BFC, LLC, a Texas limited liability company (the “Phase #2B-1 Developer”), DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Phase #2B-1 Developer is a limited liability company organized, validly existing and in good standing under the laws of the State of Texas.

2. Representatives of Phase #2B-1 Developer have provided information to the Town of Little Elm, Texas (the “Town”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the Town of its \$[PAR AMOUNT] aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) (the “Bonds”), pursuant to the Town’s Limited Offering Memorandum dated [CLOSING DATE], 2021 (the “Limited Offering Memorandum”).

3. The Phase #2B-1 Developer has delivered to the Underwriter and the Town true, correct, complete and fully executed copies of the Phase #2B-1 Developer’s organizational documents, and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

4. The Phase #2B-1 Developer has delivered to the Underwriter and the Town a (i) Certificate of Status from the Texas Secretary of State and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Phase #2B-1 Developer.

5. The Phase #2B-1 Developer has executed or caused the execution of, and delivered each of the below listed documents (individually, a “Phase #2B-1 Developer Document” and collectively, the “Phase #2B-1 Developer Documents”) in the capacity provided for in each such Phase #2B-1 Developer Document, and each such Phase #2B-1 Developer Document constitutes a valid and binding obligation of Phase #2B-1 Developer, enforceable against Phase #2B-1 Developer in accordance with its terms:

(a) that certain Phase #2B-1 Developer Letter of Representations dated December 7, 2021;

(b) that certain Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project) Continuing Disclosure Agreement of the Developer”, dated as of December 1, 2021 made by and among the Phase #2B-1 Developer, MuniCap, Inc., as Dissemination Agent and MuniCap, Inc., as Administrator; and

(c) that certain Phase #2B-1 Landowner Agreement effective as of December 7, 2021, between the Town and the Phase #2B-1 Developer.

6. The Developer has complied in all material respects with all of the Phase #2B-1 Developer's agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Phase #2B-1 Developer under the Phase #2B-1 Developer Documents on or prior to the date hereof.

7. The execution and delivery of the Phase #2B-1 Developer Documents by Phase #2B-1 Developer does not violate any judgment, order, writ, injunction or decree binding on Phase #2B-1 Developer or any indenture, agreement, or other instrument to which Phase #2B-1 Developer is a party. To the Phase #2B-1 Developer's knowledge, after due inquiry, there are no proceedings pending or threatened in writing before any court or administrative agency against Phase #2B-1 Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of Phase #2B-1 Developer to perform its obligations under the Phase #2B-1 Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum.

8. The Developer has reviewed and approved the information contained in the Limited Offering Memorandum under the captions "PLAN OF FINANCE – The District, Improvement Area #3 Development Plan and Status of Development," and "– Financing of Development in Improvement Area #3 of the District," "THE IMPROVEMENT AREA #3 IMPROVEMENTS," "THE DEVELOPMENT," "THE PHASE #2B-1 DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Phase #2B-1 Developer, the Improvement Area #3 Improvements, and the Development), "LEGAL MATTERS — Litigation — The Phase #2B-1 Developer," and "CONTINUING DISCLOSURE – The Phase #2B-1 Developer", and certifies that the same 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 therein, in the light of the circumstances under which they are made, not misleading respecting such Phase #2B-1 Developer and the portion of the Development owned by such Phase #2B-1 Developer, provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

9. The Phase #2B-1 Developer is in compliance in all material respects with all provisions of applicable law in all material respects relating to Phase #2B-1 Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) there is no default of any zoning condition, land use permit or development agreement binding upon Phase #2B-1 Developer or any portion of the Development that would materially and adversely affect Phase #2B-1 Developer's ability to complete or cause to be completed the development of such portion of the Development as described in the Limited Offering Memorandum; and (b) we have no reason to believe that any additional permits, consents and licenses required to complete the Development as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

10. Phase #2B-1 Developer is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy,

reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

11. The levy of the Assessments (as defined in the Limited Offering Memorandum) on property in the District owned by the Phase #2B-1 Developer will not conflict with or constitute a breach of or default under any agreement, indenture or other instrument to which Phase #2B-1 Developer is a party or to which Phase #2B-1 Developer or any of its property or assets is subject.

12. The Phase #2B-1 Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and adverse effect on the Bonds or the development of the Development.

13. The Phase #2B-1 Developer has no knowledge of any physical condition of the Development owned or to be developed by Phase #2B-1 Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: _____, 2021

PHASE #2-B1 DEVELOPER:

MM VALENCIA 2BFC, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayedi
Its: Manager

APPENDIX F

[LETTERHEAD OF ADMINISTRATOR]

[CLOSING DATE], 2021

Town of Little Elm, Texas
100 W. Eldorado Parkway
Little Elm, Texas 75068

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248

Winstead PC
2728 N. Harwood Street
Dallas, Texas 75201

Re: Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021
(Valencia Public Improvement District Improvement Area #3 Project) (the
“Bonds”)

Ladies and Gentlemen:

The undersigned, _____, of MuniCap, Inc. (“MuniCap”), consultant in connection with the creation by the Town of Little Elm, Texas (the “Town”), of the Valencia Public Improvement District (the “District”), does hereby represent the following:

1. MuniCap has supplied certain information contained in the final Limited Offering Memorandum, dated on or about December 7, 2021 (the “Limited Offering Memorandum”) in connection with the Bonds, relating to the issuance of the Bonds by the Town, as described above. The information I provided for the Limited Offering Memorandum is located (a) under the captions “ASSESSMENT PROCEDURES — Assessment Methodology” and “— Assessment Amounts”, and “THE ADMINISTRATOR,” and (b) in the Service and Assessment Plan (the “SAP”) for the Town located in APPENDIX B to the Limited Offering Memorandum.

2. To our professional knowledge and belief, the portions of the Limited Offering Memorandum described above do not contain an untrue statement of a material fact as to the information and data set forth therein, and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. We agree to the inclusion of the SAP in the Limited Offering Memorandum and to the use of the name of my firm in the Limited Offering Memorandum for the Bonds.

4. We agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this

letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about [CLOSING DATE], 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

MUNICAP, INC.

By: _____
Its: _____

APPENDIX G

[LETTERHEAD OF DEVELOPMENT CONSULTANT]

[CLOSING DATE], 2021

Town of Little Elm, Texas
100 W. Eldorado Parkway
Little Elm, Texas 75068

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248

Winstead PC
2728 N. Harwood Street
Dallas, Texas 75201

Re: Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2021
(Valencia Public Improvement District Improvement Area #3 Project) (the
“Bonds”)

Ladies and Gentlemen:

The undersigned, _____, of Scarborough Management, LLC, consultant in connection with the issuance of the above-captioned Bonds relating to the Valencia Public Improvement District (the “District”) issued by the Town of Little Elm, Texas (the “Town”), does hereby represent the following:

1. On behalf of Scarborough Management, LLC, I have supplied certain information contained in the Preliminary Limited Offering Memorandum, dated [PLOM DATE], 2021, (the “Preliminary Limited Offering Memorandum”), and the final Limited Offering Memorandum, dated on or about December 7, 2021 (the “Limited Offering Memorandum”), both in connection with the Bonds, relating to the issuance of the Bonds by the Town, as described above. The information I provided for the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum is located under the caption “THE DEVELOPMENT CONSULTANT.”

2. To the best of my professional knowledge and belief, the portions of the Limited Offering Memorandum described above do not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the use of the name of my firm in the Limited Offering Memorandum for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about [CLOSING DATE], 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

SCARBOROUGH MANAGEMENT, LLC

By: _____

Its: _____

EXHIBIT C
CONTINUING DISCLOSURE AGREEMENT

**TOWN OF LITTLE ELM, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of December 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the Town of Little Elm, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and MuniCap, Inc. (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Valencia Public Improvement District Improvement Area #3 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this 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 December 1, 2021, between the Issuer and the Trustee relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean MuniCap, Inc., or an officer or employee of the Town, or third party designee of the Town who is not an officer or employee thereof, identified in any indenture of trust relating to the Bonds, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Affiliate” shall have the meaning assigned to such term in Section 2 of the Disclosure Agreement of the Developer.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” shall mean the “Assessments” as defined in the Indenture.

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

“Developer” shall mean MM Valencia 2BFC, LLC, a Texas limited liability company, and its successors and assigns, including any Affiliate.

“Disclosure Agreement of the Developer” shall mean the Continuing Disclosure Agreement of the Developer, dated as of December 1, 2021 executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean MuniCap, Inc., 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 Valencia 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>.

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Improvement Area #3” shall have the meaning given to it in the Service and Assessment Plan.

“Listed Events” shall mean any of the events listed in Section 5(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 reports pursuant to the Rule.

“Outstanding” shall have the meaning given to it in the Indenture.

“Owner(s)” shall mean the registered owner(s) of any Bonds, as shown on the register maintained by the Trustee.

“Participating Underwriter” means FMSbonds, Inc. and its successors and assigns.

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

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean Wilmington Trust, National Association, or any successor trustee pursuant to the Indenture.

Section 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before the expiration of six months after the end of each Fiscal Year.

(b) The Issuer shall cause 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, commencing with the Fiscal Year ended September 30, 2022, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and available, may be submitted separately from the Annual Financial Information, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by such date; provided further, however, that the Annual Issuer Report must be submitted not later than six months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2022. The Issuer will provide the audited financial statements as provided herein; notwithstanding such requirements, the Bonds are special obligations of the Issuer payable solely from the Pledged Revenues and other funds comprising the Trust Estate, as and to the extent provided for and defined in the Indenture. The Bonds do not give rise to a charge against the general credit or taxing power of the Issuer and are payable solely from the sources identified in the Indenture.

The Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(1) determine the filing address or other filing location of the MSRB each year within ten (10) Business Days prior to filing the Annual Issuer Report on the date required in Section 4;

(2) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof;

(3) file audited financial statements of the Issuer pursuant to Section 4(b) herein; and

(4) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer

Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

Section 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

- (a) Within six months after the end of each Fiscal Year the following Annual Financial Information (any or all of which may be unaudited):
 - (i) Tables setting forth the following information, as of the end of such Fiscal Year:
 - (A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding;
 - (B) The amounts in the funds and accounts securing the Bonds.
 - (ii) The principal and interest paid on the Bonds during the most recent Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.
 - (iii) Any changes to the land use designation for the property in Improvement Area #3 of the District from the purposes identified in the Service and Assessment Plan.
 - (iv) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Assessments in Improvement Area #3 of the District.
 - (v) The aggregate taxable assessed valuation for parcels or lots within Improvement Area #3 of the District based on the most recent certified tax roll available to the Issuer.
 - (vi) With respect to single-family residential lots, until building permits have been issued for parcels or lots representing, in the aggregate, 95% of the total Assessments levied within Improvement Area #3 of the District, such SAP Update shall include the following:
 - (A) the number of new homes in Improvement Area #3 of the District for which a certificate of occupancy has been issued during such Fiscal Year; and
 - (B) the aggregate number of new homes within Improvement Area #3 of the District for which a certificate of occupancy has been issued since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2022.
 - (vii) Listing of any property or property owners in Improvement Area #3 of the District, respectively, representing more than twenty percent (20%) of the levy of the Assessments, the amount of the levy of the Assessments, against such landowners, and

the percentage of such the Assessments, relative to the entire levy of the Assessments, all as of the October 1 billing date for the Fiscal Year.

- (viii) Collection and delinquent history of the Assessments within Improvement Area #3 of the District for the past five Fiscal Years, in the following format:

Collection and Delinquent History of Assessments in Improvement Area #3 of the District

Collected in Fiscal Year <u>Ending 9/30</u>	Assessment <u>Billed</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Total Assessments <u>Collected⁽¹⁾</u>
20__	\$			—	—		\$

⁽¹⁾ Collected as of _____, 20__. Includes \$ _____ attributable to Prepayments.

- (ix) Total amount of Prepayments collected, as of the April 1 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

- (x) The amount of delinquent Assessments, by Fiscal Year:

- (A) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);
- (B) which are currently subject to foreclosure proceedings which have not been concluded;
- (C) which have been reduced to judgment but not collected;
- (D) which have been reduced to judgment and collected; and
- (E) the result of any foreclosure sales of assessed property within Improvement Area #3 of the District if the assessed property represents more than one percent (1%) of the total amount of the Assessments.

- (xi) 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) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information within twelve months of the end of the Issuer's fiscal year.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

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.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material.
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 obligated person, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Developer of real property within Improvement Area #3 of the District to be considered a significant event for the purposes of number (10) above.

For these purposes, “financial obligation” means (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The Issuer intends the words used in numbers (15) and (16) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For these purposes, any event described in the immediately preceding number (12) 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.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB; provided, however, the Issuer shall deliver such written notice to the Dissemination Agent within eight (8) business days of the occurrence of such Listed Event in order for the Dissemination Agent to timely file such notice in a timely manner with the MSRB through EMMA. The Dissemination Agent shall file such notice no later than the second 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 that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB’s ten (10) business day filing requirement.

Additionally, the Dissemination Agent shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. The form for submitting such notice is attached hereto as Exhibit A.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which written direction from the Issuer to the Dissemination Agent shall be within eight (8) business days after the occurrence of the Listed Event or failure to file and date of such filing provided by the Issuer shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within two (2) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative 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 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 or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8, 10, 13, 14 or 15 of subsection (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.

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

Section 6. Termination of Reporting Obligations. The obligations of the Issuer 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 of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer

required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives 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 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 such series of Bonds under Section 5(a).

Section 7. Dissemination Agent. The Dissemination Agent agrees to perform the duties set forth in this Agreement. 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. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer. 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 is set forth in Section 2.

Section 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), 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, or 5(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 Issuer Report, 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 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those

prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may and the Trustee may (and, at the request of any Participating Underwriter or the Owners of more than twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, 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 by the Issuer shall not be deemed a default under the Disclosure Agreement of the Developer by the Developer, and a default under the Disclosure Agreement of the Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. 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 hold harmless the Dissemination Agent, its officers, directors, employees, and agents, but only with funds to be provided by the Developer or from Assessments collected from the property owners in Improvement Area #3 of the District against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross 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 the Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. 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 that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Administrator shall not have any responsibility for the (1) accuracy of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, or (2) the untimeliness of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in Sections 3 and 4 of this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Assessments collected from the property owners in Improvement Area #3 of the District against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability resulting from information provided to the Administrator by the Issuer, but excluding liabilities due to the Administrator's gross 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 Developer, or the failure of any third party or the Developer to provide information to the Administrator as and when required under this Agreement. 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 any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

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 THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, 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. NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR ARE UNDER ANY OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments are set forth in Exhibit C which is solely intended to illustrate the general procedures expected to generally be followed in enforcing the payment of delinquent Assessments.

Section 13. 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 14. 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 15. Sovereign Immunity. The Dissemination Agent agrees 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 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from Assessments collected from the property owners in Improvement Area #3 of the District, for its fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

Section 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 19. 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.

Section 20. Disclosure Agreement of the Developer. Concurrently with the execution and delivery of this Disclosure Agreement, the Dissemination Agent and Administrator have entered into the Disclosure Agreement of the Developer. Except as provided in Section 6 of the Disclosure Agreement of the Developer, the parties agree that the Issuer has no obligation to assume any of the duties of the Developer under the terms of the Disclosure Agreement of the Developer.

Section 21. Anti-Boycott Verification. The Dissemination Agent and the Administrator hereby each respectively verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

Section 22. Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator, respectively represent that neither the Dissemination Agent, the Administrator, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable state or federal law and excludes the Dissemination Agent and/or the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any state or federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent and the Administrator understand “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

Section 23. Form 1295. Submitted by the Administrator herewith is a completed Form 1295 in connection with 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 Administrator. The Administrator 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 consultant is 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 City nor its consultant has verified such information.

Section 24. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Dissemination Agent and the Administrator hereby verify that they and their parent companies, 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. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. The Dissemination Agent and the Administrator understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

Section 25. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, "SB 19"), Texas Government Code, as amended, the Dissemination Agent and the Administrator hereby verifies that they and their parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; and
- (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association," "firearm entity," and "firearm trade association" shall have the meanings set forth in Sections 2274.001(3), 2274.001(6), and 2274.001(7), respectively, of the Texas Government Code. The Dissemination Agent and the Administrator understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

[Signature pages follow]

TOWN OF LITTLE ELM, TEXAS

By: _____
Mayor

DISSEMINATION AGENT:

MUNICAP, INC.

By: _____
Name: _____
Title: _____

ADMINISTRATOR:

MUNICAP, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: Town of Little Elm, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Valencia Public Improvement District Improvement Area #3 Project)
Date of Delivery: _____

NOTICE IS HEREBY GIVEN that the Town of Little Elm, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated December 1, 2021, between the Issuer, MuniCap, Inc. as Administrator and MuniCap, Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

MUNICAP, INC., on behalf of the Town of
Little Elm, Texas
(as Dissemination Agent)

By: _____
Title: _____

cc: Town of Little Elm, Texas

EXHIBIT B

**TOWN OF LITTLE ELM, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(VALENCIA PUBLIC DISTRICT IMPROVEMENT AREA #3 PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP NOs.]

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

*Excluding Audited Financial Statements of the Issuer

BALANCE OF FUNDS AND ACCOUNTS SECURING THE BONDS

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

ITEMS REQUIRED BY SECTIONS 4(a)(ii) – (vii)

[Insert a line item for each applicable listing]

SECTION 4(a)(viii) COLLECTION AND DELINQUENT HISTORY OF THE ASSESSMENTS WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT FOR THE PAST FIVE FISCAL YEARS, IN THE FOLLOWING FORMAT:

Collection and Delinquent History of Assessments in Improvement Area #3 of the District

Collected in Fiscal Year	Assessment	Parcels	Delinquent Amount	Delinquent Percentage	Delinquent Amount	Delinquent Percentage	Total Assessments
<u>Ending 9/30</u>	<u>Billed</u>	<u>Levied</u>	<u>as of 3/1</u>	<u>as of 3/1</u>	<u>as of 9/1</u>	<u>as of 9/1</u>	<u>Collected⁽¹⁾</u>
20__	\$			—	—		\$

⁽¹⁾ Collected as of _____, 20_. Includes \$ _____ attributable to Prepayments.

ITEMS REQUIRED BY SECTIONS 4(a)(ix) – (xi)

[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES*

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received
February 15	15	Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
		Administrator shall be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and Dissemination Agent shall be immediately notified by Administrator Administrator shall 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. At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the Town Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure. If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue

* Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment.

		Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
March 1	28/29	Trustee pays bond interest payments to bondholders.
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.
July 1	150/151	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.
		Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.
		Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent 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 bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
August 15	195/196	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination

		Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 195/196).
		Foreclosure action to be filed with the court.
		Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
		If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

EXHIBIT D
TRI POINTE LANDOWNER AGREEMENT

PHASE #2B-1 LANDOWNER AGREEMENT

This **PHASE #2B-1 LANDOWNER AGREEMENT** (the “Agreement”), is entered into as of December 7, 2021, between the Town of Little Elm, Texas (the “Town”), a home rule municipality of the State of Texas (the “State”), and Tri Pointe Homes DFW, LLC (the “Landowner”).

RECITALS:

WHEREAS, Landowner owns the “Assessed Parcels” described by the description attached as **Exhibit I** to this Agreement and which is incorporated herein for all purposes, comprising all of the non-exempt, privately-owned land described in **Exhibit I** (the “Landowner Parcel”) which is located within the Valencia Public Improvement District (the “District”) in the Town; and

WHEREAS, the Town Council has adopted an assessment ordinance for the Phase #2B-1 Local Improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an Exhibit A to the Phase #2B-1 Assessment Ordinance as updated and amended (the “Service and Assessment Plan”) and which is incorporated herein for all purposes, and has levied an assessment on each Assessed Parcel in Phase #2B-1 of the District (as identified in the Service and Assessment Plan) that will be pledged as security for the payment of bonds or other obligations to be issued for the payment of certain infrastructure improvements and to pay the costs of constructing the Phase #2B-1 Local Improvements that will benefit the Phase #2B-1 Local Improvement Assessed Property (as defined in the Service and Assessment Plan); and

WHEREAS, the Covenants, Conditions and Restrictions attached to this Agreement as **Exhibit II** and which are incorporated herein for all purposes, include the statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”), to the purchaser.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits hereinafter set forth, the Town and the Landowner hereby contract, covenant and agree as follows:

DEFINITIONS; APPROVAL OF AGREEMENTS

Definitions. Capitalized terms used but not defined herein (including each exhibit hereto) shall have the meanings ascribed to them in the Service and Assessment Plan.

Affirmation of Recitals. The findings set forth in the Recitals of this Agreement are hereby incorporated as the official findings of the Town Council.

I. AGREEMENTS OF LANDOWNER

A. Affirmation and Acceptance of Agreements and Findings of Benefit. Landowner hereby ratifies, confirms, accepts, agrees to, and approves:

(i) the creation and boundaries of the District, and the boundaries of the Landowner's Parcel, as shown on **Exhibit I**, and the location and development of the Phase #2B-1 Local Improvements on the Landowner Parcel and on the property within Phase #2B-1 of the District;

(ii) the determinations and findings as to the benefits by the Town Council in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(iii) the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan.

B. Acceptance and Approval of Assessments and Lien on Property. Landowner consents to, agrees to, acknowledges and accepts the following:

(i) each Assessment levied by the Town on each Assessed Parcel within Phase #2B-1 of the District as shown on the assessment roll attached as Appendix I-3 to the Service and Assessment Plan (the "Phase #2B-1 Local Improvement Assessment Roll");

(ii) the Phase #2B-1 Local Improvements specially benefit Phase #2B-1 of the District, and the Landowner's Parcel, in an amount at least equal to the Assessment levied on each Assessed Parcel within Phase #2B-1 of the District, as such Assessment is shown on the Phase #2B-1 Local Improvement Assessment Roll;

(iii) each Assessment is final, conclusive and binding upon Landowner and any subsequent owner of an Assessed Parcel, regardless of whether such landowner may be required to prepay a portion of, or the entirety of, such Assessment upon the occurrence of a mandatory prepayment event as provided in the Service and Assessment Plan;

(iv) the obligation to pay the Assessment levied on the Assessed Parcel(s) owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(v) each Assessment or reassessment, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Assessed Parcel, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of and charge against the owner of the Assessed Parcel regardless of whether such owner is named;

(vi) the Assessment lien on each Assessed Parcel is a lien and covenant that runs with the land and is effective from the date of the Phase #2B-1 Assessment Ordinance and continues until the Assessment is paid and may be enforced by the governing body of the Town in the same manner that an ad valorem tax lien against real property may be enforced by the Town;

(vii) delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) the owner of an Assessed Parcel may pay at any time the entire Assessment, with interest that has accrued on the Assessment, on any parcel in the Landowner's Parcel;

(ix) the Annual Installments of the Assessments (as defined in the Service and Assessment Plan and Phase #2B Local Improvement Assessment Roll) may be adjusted, decreased and extended; and, the assessed parties shall be obligated to pay their respective revised amounts of the annual installments, when due, and without the necessity of further action, assessments or reassessments by the Town, the same as though they were expressly set forth herein; and

(x) Landowner has received, or hereby waives, all notices required to be provided to it under Texas law, including the PID Act, prior to the Effective Date (defined herein).

C. Mandatory Prepayment of Assessments. Landowner agrees and acknowledges that Landowner or subsequent landowners may have an obligation to prepay an Assessment upon the occurrence of a mandatory prepayment event, at the sole discretion of the Town and as provided in the Service and Assessment Plan, as amended or updated.

D. Notice of Assessments. Landowner further agrees as follows:

(i) the Covenants, Conditions and Restrictions attached hereto as **Exhibit II** shall be terms, conditions and provisions running with the Landowner's Parcel and shall be recorded (the contents of which shall be consistent with the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan as reasonably determined by the Town), in the records of the County Clerk of Denton County, as a lien and encumbrance against such Assessed Parcel, and Landowner hereby authorizes the Town to so record such documents against the Assessed Parcels owned by Landowner;

(ii) in the event of any subdivision, sale, transfer or other conveyance by the Landowner of the right, title or interest of the Landowner in the Landowner's Parcel or any part thereof, the Landowner's Parcel, or any such part thereof, shall continue to be bound by all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions and any purchaser, transferee or other subsequent owner shall take such

Assessed Parcel(s) subject to all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions; and

(iii) Landowner shall comply with, and shall contractually obligate (and promptly provide written evidence of such contractual provisions to the Town) any party who purchases any Assessed Parcel owned by Landowner, or any portion thereof, for the purpose of constructing residential properties that are eligible for “homestead” designations under State law, to comply with, the Homebuyer Education Program described on **Exhibit III** to this Agreement. Such compliance obligation shall terminate as to each Lot (as defined in the Service and Assessment Plan) if, and when, (i) a final certificate of occupancy for a residential unit on such Lot is issued by the Town, and (ii) there is a sale of a Lot to an individual homebuyer, it being the intent of the undersigned that the Homebuyer Education Program shall apply only to a commercial builder who is in the business of constructing and/or selling residences to individual home buyers (a “Builder”) but not to subsequent sales of such residence and Lot by an individual home buyer after the initial sale by a Builder.

Notwithstanding the provisions of this Section, upon the Landowner’s request and the Town’s consent, in the Town’s sole and absolute discretion, the Covenants, Conditions and Restrictions may be included with other written restrictions running with the land on property within the District, provided they contain all the material provisions and provide the same material notice to prospective property owners as does the document attached as **Exhibit II**.

II. OWNERSHIP AND CONSTRUCTION OF PHASE #2B-1 LOCAL IMPROVEMENTS

A. Ownership and Transfer of Phase #2B-1 Local Improvements. Landowner acknowledges that all of the Phase #2B-1 Local Improvements and the land (or easements, as applicable) needed therefore shall be owned by the Town as constructed and/or conveyed to the Town and Landowner will execute such conveyances and/or dedications of public rights of way and easements as may be reasonably required to evidence such ownership, as generally described on the current plats of the property within the District.

B. Grant of Easement and License, Construction of Phase #2B-1 Local Improvements.

(i) Any subsequent owner of an Assessed Parcel shall, upon the request of the Town or Landowner, grant and convey to the Town or Landowner and its contractors, materialmen and workmen a temporary license and/or easement, as appropriate, to construct the Phase #2B-1 Local Improvements on the property within the District, to stage on the property within the District construction trailers, building materials and equipment to be used in connection with such construction of the Phase #2B-1 Local Improvements and for passage and use over and across parts of the property within the District as shall be

reasonably necessary during the construction of the Phase #2B-1 Local Improvements. Any subsequent owner of an Assessed Parcel may require that each contractor constructing the Phase #2B-1 Local Improvements cause such owner of an Assessed Parcel to be indemnified and/or named as an additional insured under liability insurance reasonably acceptable to such owner of an Assessed Parcel. The right to use and enjoy any easement and license provided above shall continue until the construction of the Phase #2B-1 Local Improvements are complete; provided, however, any such license or easement shall automatically terminate upon the recording of the final plat for the Landowner's Parcel in the real property records of Denton County, Texas.

(ii) Landowner hereby agrees that any right or condition imposed by the Development Agreement, or other agreement, with respect to the Assessments has been satisfied, and that Landowner shall not have any rights or remedies against the Town under any law or principles of equity concerning the Assessments, with respect to the formation of the District, approval of the Service and Assessment Plan and the Town's levy and collection of the Assessments.

III. COVENANTS AND WARRANTIES; MISCELLANEOUS

A. Special Covenants and Warranties of Landowner.

Landowner represents and warrants to the Town as follows:

(i) Landowner is duly organized, validly existing and, as applicable, in good standing under the laws of the state of its organization and has the full right, power and authority to enter into this Agreement, and to perform all the obligations required to be performed by Landowner hereunder.

(ii) This Agreement has been duly and validly executed and delivered by, and on behalf of, Landowner and, assuming the due authorization, execution and delivery thereof by and on behalf of the Town and the Landowner, constitutes a valid, binding and enforceable obligation of such party enforceable in accordance with its terms. This representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

(iii) Neither the execution and delivery hereof, nor the taking of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under, any instrument, note, mortgage, contract, judgment, order, award, decree or other agreement or restriction to which Landowner is a party, or by which Landowner or Landowner's Parcel is otherwise bound.

(iv) Landowner is, subject to all matters of record in the Denton County, Texas Real Property Records, the sole owner of the Landowner's Parcel.

(v) The Landowner's Parcel owned by Landowner is not subject to, or encumbered by, any covenant, lien, encumbrance or agreement which would prohibit (i) the creation of the District, (ii) the levy of the Assessments and the priority of the lien related to the assessments as described in this Agreement, or (iii) the construction of the Phase #2B-1 Local Improvements on those portions of the property within Phase #2B-1 of the District which are to be owned by the Town, as generally described on the current plats of the property within the District (or, if subject to any such prohibition, the approval or consent of all necessary parties thereto has been obtained).

(vi) Landowner covenants and agrees to execute any and all documents necessary, appropriate or incidental to the purposes of this Agreement, as long as such documents are consistent with this Agreement and do not create additional liability of any type to, or reduce the rights of, such Landowner by virtue of execution thereof.

B. Waiver of Claims Concerning Phase #2B-1 Local Improvements. The Landowner, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, waives any claims against the Town and its successors, assigns and agents, pertaining to the installation of the Phase #2B-1 Local Improvements.

C. Notices.

Any notice or other communication to be given to the Town or Landowner under this Agreement shall be given by delivering the same in writing to:

To the Town: Town of Little Elm, Texas
 Attn: Town Manager
 100 West Eldorado Parkway
 Little Elm, Texas 75068

With a copy to: Town Attorney
 Attn: Robert F. Brown
 100 West Eldorado Parkway
 Little Elm, Texas 75068

To the Landowner:

With a copy to:

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the recipient as the address set forth herein.

Each recipient may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this provision shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for, or actually received by, the addressee.

D. Parties in Interest.

This Agreement is made solely for the benefit of the Town and the Landowner and is not assignable, except, in the case of Landowner, in connection with the sale or disposition of all or substantially all of the parcels which constitute the Landowner's Parcel. However, the parties expressly agree and acknowledge that the Town, the Landowner, each current owner of any parcel which constitutes the Landowner's Parcel, and the holders of or trustee for any bonds secured by Phase #2B-1 Local Improvement assessment revenues of the Town or any part thereof to finance the costs of the Phase #2B-1 Local Improvements, are express beneficiaries of this Agreement and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the parties hereto. This Agreement shall be recorded in the real property records of Denton County, Texas.

E. Amendments.

This Agreement may be amended only by written instrument executed by the Town and the Landowner. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the property within the District and recorded in the Real Property Records of Denton County, Texas.

F. Effective Date.

This Agreement shall become and be effective (the "Effective Date") upon the date of final execution by the latter of the Town and the Landowner and shall be valid and enforceable on said date and thereafter.

G. Estoppels.

Within 10 days after written request from a party hereto, the other party shall provide a written certification, indicating whether this Agreement remains in effect as to an Assessed Parcel, and whether any party is then in default hereunder.

H. Termination.

This Agreement shall terminate and be of no further force and effect as to each Assessed Parcel upon payment in full of the Assessment(s) against such Assessed Parcel.

I. Representations.

No Boycott of Israel; No Business With Sanctioned Countries. The Landowner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Landowner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

The Landowner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Landowner and any of its respective parent companies, 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. The Landowner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Landowner 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. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies"

shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code. The Landowner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, “SB 19”), Texas Government Code, as amended, the Landowner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3) (as added by SB 19), Texas Government Code. The Landowner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

[Signature pages to follow]

EXECUTED by the Town and Landowner on the respective dates stated below.

Date: _____

TOWN OF LITTLE ELM, TEXAS

By: _____
Curtis J. Cornelious, Mayor

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the __ day of December, 2021 by Curtis J. Cornelious, Mayor of the Town of Little Elm, Texas on behalf of said Town.

(SEAL)

Notary Public, State of Texas

Name printed or typed

Commission Expires:_____

[Signature Page Landowner Agreement]

LANDOWNER:

By: _____

Name:

Its:

Date of Execution: _____

STATE OF TEXAS)

)

COUNTY OF DALLAS)

This instrument was acknowledged before me on the _____ day of _____,
2021 by _____, _____ of _____, on behalf of said entity.

Notary Public, State of Texas

My Commission Expires:

[Signature Page Landowner Agreement]

LANDOWNER AGREEMENT - EXHIBIT I
DESCRIPTION OF LANDOWNER'S PARCEL

EIGHTEEN (18) Residential Lots within Phase 2B-1:

Block A, Lots 3-7, 20-23

Block B, Lots 4-7, 13-17

LANDOWNER AGREEMENT - EXHIBIT II

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS** (as it may be amended from time to time, this “Declaration”) is made as of December 7, 2021 by Tri Pointe Homes DFW, LLC (the “Landowner”).

RECITALS:

- A. The Landowner holds record title to that portion of the real property located in Denton County, Texas, which is described in the attached **Exhibit I** (the “Landowner’s Parcel”).
- B. The Town Council of the Town of Little Elm (the “Town Council”) upon a petition requesting the establishment of a public improvement district covering the property within the District to be known as the Valencia Public Improvement District (the “District”) by the then current owners of 100% of the appraised value of the taxable real property and 100% of the area of all taxable real property within the area requested to be included in the District created such District, in accordance with the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “PID Act”).
- C. The Town Council has adopted an assessment ordinance to levy assessments for certain public improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an exhibit to the Phase #2B-1 Assessment Ordinance (as amended from time to time, the “Service and Assessment Plan”), and has levied the assessments (as amended from time to time, the “Assessments”) on property in Phase #2B-1 of the District.
- D. The statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended, to the purchaser, is incorporated into these Covenants, Conditions and Restrictions.

DECLARATIONS:

NOW, THEREFORE, the Landowner hereby declares that the Landowner’s Parcel is and shall be subject to, and hereby imposes on the Landowner’s Parcel, the following covenants, conditions and restrictions:

1. Acceptance and Approval of Assessments and Lien on Property:

- (a) Landowner accepts each Assessment levied on the Landowner’s Parcel owned by such Landowner.
- (b) The Assessment (including any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred) is (a) a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims except for

liens or claims for state, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named. The Assessment Lien is effective from the date of the Phase #2B-1 Assessment Ordinance until the Assessments are paid and may be enforced by the Town in the same manner as an ad valorem property tax levied against real property that may be enforced by the Town. The owner of any assessed property may pay, at any time, the entire Assessment levied against any such property. Foreclosure of an ad valorem property tax lien on property within Phase #2B-1 of the District will not extinguish the Assessment or any unpaid but not yet due annual installments of the Assessment, and will not accelerate the due date for any unpaid and not yet due annual installments of the Assessment.

It is the clear intention of all parties to these Declarations of Covenants, Conditions and Restrictions, that the Assessments, including any annual installments of the Assessments (as such annual installments may be adjusted, decreased or extended), are covenants that run with the Landowner's Parcel and specifically binds the Landowner, its successors and assigns.

In the event of delinquency in the payment of any annual installment of the Assessment, the Town is empowered to order institution of an action in district court to foreclose the related Assessment Lien, to enforce personal liability against the owner of the real property for the Assessment, or both. In such action the real property subject to the delinquent Assessment may be sold at judicial foreclosure sale for the amount of such delinquent property taxes and Assessment, plus penalties, interest and costs of collection.

2. Landowner or any subsequent owner of the Landowner's Parcel waives:

- (a) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District and levying and collecting the Assessments or the annual installments of the Assessments;
- (b) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the levy of Assessments by the Town Council concerning the Assessments;
- (c) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption of, the Phase #2B-1 Assessment Ordinance by the Town Council;
- (d) any and all actions and defenses against the adoption or amendment of the Service and Assessment Plan, the Town's finding of a 'special benefit' pursuant to the PID Act and the Service and Assessment Plan, and the levy of the Assessments; and
- (e) any right to object to the legality of any of the Assessments or the Service and Assessment Plan or to any of the previous proceedings connected therewith which occurred prior to, or upon, the Town Council's levy of the Assessments.

3. **Amendments:** This Declaration may be terminated or amended only by a document duly executed and acknowledged by the then-current owner(s) of the Landowner's Parcel and the Town. No such termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the parties by whom approval is required as set forth above and recorded in the real Property Records of Denton County, Texas.
4. **Third Party Beneficiary:** The Town is a third party beneficiary to this Declaration and may enforce the terms hereof.
5. **Notice to Subsequent Purchasers:** Upon the sale of a dwelling unit within the District, the purchaser of such property shall be provided a written notice that reads substantially similar to the following:

TEXAS PROPERTY CODE SECTION 5.014

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENTS TO THE TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS CONCERNING THE FOLLOWING PROPERTY [Address]

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas, for the costs of a portion of a public improvement or service project (the "Authorized Improvements") undertaken for the benefit of the property within the Valencia Public Improvement (the "District") created under Subchapter A, Chapter 372 of the Texas Local Government Code, as amended.

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 Town of Little Elm, Texas, located at 100 West Eldorado Parkway, Little Elm, Texas 75068. The exact amount of each annual installment will be approved each year by the Town Council of the Town in the annual service plan update for the District

More information about the assessments, including the amounts and due dates, may be obtained from the Town of Little Elm, Texas located at 100 West Eldorado Parkway, Little Elm, Texas 75068.

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. 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.

Signature of Purchaser(s) _____

Date: _____

EXECUTED by the undersigned on the date set forth below to be effective as of the date first above written.

By: _____

Name:

Its:

STATE OF TEXAS)

)

COUNTY OF DALLAS)

This instrument was acknowledged before me on the ____ day of _____,
2021 by _____, _____ of _____, on behalf of said entity.

Notary Public, State of Texas

My Commission Expires:

LANDOWNER AGREEMENT - EXHIBIT III

HOMEBUYER EDUCATION PROGRAM

As used in this **Exhibit III**, the recorded Notice of the Authorization and Establishment of the Valencia Public Improvement District and the Covenants, Conditions and Restrictions in **Exhibit II** of this Agreement are referred to as the “Recorded Notices.”

1. Any Landowner who is a Builder shall attach the Recorded Notices and the final Phase #2B-1 Local Improvement Assessment Roll for such Assessed Parcel (or if the Phase #2B-1 Local Improvement Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30 year payment for such Assessed Parcel) as an addendum to any residential homebuyer’s contract.
2. Any Landowner who is a Builder shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the Town.
3. Any Landowner who is a Builder shall prominently display signage in its model homes, if any, substantially in the form of the Recorded Notices.
4. If prepared and provided by the Town, any Landowner who is a Builder shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. Any Landowner who is a Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers.

EXHIBIT E
MM LANDOWNER AGREEMENT

PHASE #2B-1 LANDOWNER AGREEMENT

This **PHASE #2B-1 LANDOWNER AGREEMENT** (the “Agreement”), is entered into as of December 7, 2021, between the Town of Little Elm, Texas (the “Town”), a home rule municipality of the State of Texas (the “State”), and MM Valencia 2BFC, LLC, a Texas limited liability company (the “Landowner”).

RECITALS:

WHEREAS, Landowner owns the “Assessed Parcels” described by the description attached as **Exhibit I** to this Agreement and which is incorporated herein for all purposes, comprising all of the non-exempt, privately-owned land described in **Exhibit I** (the “Landowner Parcel”) which is located within the Valencia Public Improvement District (the “District”) in the Town; and

WHEREAS, the Town Council has adopted an assessment ordinance for the Phase #2B-1 Local Improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an Exhibit A to the Phase #2B-1 Assessment Ordinance as updated and amended (the “Service and Assessment Plan”) and which is incorporated herein for all purposes, and has levied an assessment on each Assessed Parcel in Phase #2B-1 of the District (as identified in the Service and Assessment Plan) that will be pledged as security for the payment of bonds or other obligations to be issued for the payment of certain infrastructure improvements and to pay the costs of constructing the Phase #2B-1 Local Improvements that will benefit the Phase #2B-1 Local Improvement Assessed Property (as defined in the Service and Assessment Plan); and

WHEREAS, the Covenants, Conditions and Restrictions attached to this Agreement as **Exhibit II** and which are incorporated herein for all purposes, include the statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”), to the purchaser.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits hereinafter set forth, the Town and the Landowner hereby contract, covenant and agree as follows:

DEFINITIONS; APPROVAL OF AGREEMENTS

Definitions. Capitalized terms used but not defined herein (including each exhibit hereto) shall have the meanings ascribed to them in the Service and Assessment Plan.

Affirmation of Recitals. The findings set forth in the Recitals of this Agreement are hereby incorporated as the official findings of the Town Council.

I.
AGREEMENTS OF LANDOWNER

A. Affirmation and Acceptance of Agreements and Findings of Benefit. Landowner hereby ratifies, confirms, accepts, agrees to, and approves:

(i) the creation and boundaries of the District, and the boundaries of the Landowner's Parcel, as shown on **Exhibit I**, and the location and development of the Phase #2B-1 Local Improvements on the Landowner Parcel and on the property within Phase #2B-1 of the District;

(ii) the determinations and findings as to the benefits by the Town Council in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(iii) the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan.

B. Acceptance and Approval of Assessments and Lien on Property. Landowner consents to, agrees to, acknowledges and accepts the following:

(i) each Assessment levied by the Town on each Assessed Parcel within Phase #2B-1 of the District as shown on the assessment roll attached as Appendix I-3 to the Service and Assessment Plan (the "Phase #2B-1 Local Improvement Assessment Roll");

(ii) the Phase #2B-1 Local Improvements specially benefit Phase #2B-1 of the District, and the Landowner's Parcel, in an amount at least equal to the Assessment levied on each Assessed Parcel within Phase #2B-1 of the District, as such Assessment is shown on the Phase #2B-1 Local Improvement Assessment Roll;

(iii) each Assessment is final, conclusive and binding upon Landowner and any subsequent owner of an Assessed Parcel, regardless of whether such landowner may be required to prepay a portion of, or the entirety of, such Assessment upon the occurrence of a mandatory prepayment event as provided in the Service and Assessment Plan;

(iv) the obligation to pay the Assessment levied on the Assessed Parcel(s) owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(v) each Assessment or reassessment, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Assessed Parcel, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of

and charge against the owner of the Assessed Parcel regardless of whether such owner is named;

(vi) the Assessment lien on each Assessed Parcel is a lien and covenant that runs with the land and is effective from the date of the Phase #2B-1 Assessment Ordinance and continues until the Assessment is paid and may be enforced by the governing body of the Town in the same manner that an ad valorem tax lien against real property may be enforced by the Town;

(vii) delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) the owner of an Assessed Parcel may pay at any time the entire Assessment, with interest that has accrued on the Assessment, on any parcel in the Landowner's Parcel;

(ix) the Annual Installments of the Assessments (as defined in the Service and Assessment Plan and Phase #2B Local Improvement Assessment Roll) may be adjusted, decreased and extended; and, the assessed parties shall be obligated to pay their respective revised amounts of the annual installments, when due, and without the necessity of further action, assessments or reassessments by the Town, the same as though they were expressly set forth herein; and

(x) Landowner has received, or hereby waives, all notices required to be provided to it under Texas law, including the PID Act, prior to the Effective Date (defined herein).

C. Mandatory Prepayment of Assessments. Landowner agrees and acknowledges that Landowner or subsequent landowners may have an obligation to prepay an Assessment upon the occurrence of a mandatory prepayment event, at the sole discretion of the Town and as provided in the Service and Assessment Plan, as amended or updated.

D. Notice of Assessments. Landowner further agrees as follows:

(i) the Covenants, Conditions and Restrictions attached hereto as **Exhibit II** shall be terms, conditions and provisions running with the Landowner's Parcel and shall be recorded (the contents of which shall be consistent with the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan as reasonably determined by the Town), in the records of the County Clerk of Denton County, as a lien and encumbrance against such Assessed Parcel, and Landowner hereby authorizes the Town to so record such documents against the Assessed Parcels owned by Landowner;

(ii) in the event of any subdivision, sale, transfer or other conveyance by the Landowner of the right, title or interest of the Landowner in the Landowner's Parcel or any part thereof, the Landowner's Parcel, or any such part thereof, shall continue to be bound

by all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions and any purchaser, transferee or other subsequent owner shall take such Assessed Parcel(s) subject to all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions; and

(iii) Landowner shall comply with, and shall contractually obligate (and promptly provide written evidence of such contractual provisions to the Town) any party who purchases any Assessed Parcel owned by Landowner, or any portion thereof, for the purpose of constructing residential properties that are eligible for “homestead” designations under State law, to comply with, the Homebuyer Education Program described on **Exhibit III** to this Agreement. Such compliance obligation shall terminate as to each Lot (as defined in the Service and Assessment Plan) if, and when, (i) a final certificate of occupancy for a residential unit on such Lot is issued by the Town, and (ii) there is a sale of a Lot to an individual homebuyer, it being the intent of the undersigned that the Homebuyer Education Program shall apply only to a commercial builder who is in the business of constructing and/or selling residences to individual home buyers (a “Builder”) but not to subsequent sales of such residence and Lot by an individual home buyer after the initial sale by a Builder.

Notwithstanding the provisions of this Section, upon the Landowner’s request and the Town’s consent, in the Town’s sole and absolute discretion, the Covenants, Conditions and Restrictions may be included with other written restrictions running with the land on property within the District, provided they contain all the material provisions and provide the same material notice to prospective property owners as does the document attached as **Exhibit II**.

II. OWNERSHIP AND CONSTRUCTION OF PHASE #2B-1 LOCAL IMPROVEMENTS

A. Ownership and Transfer of Phase #2B-1 Local Improvements. Landowner acknowledges that all of the Phase #2B-1 Local Improvements and the land (or easements, as applicable) needed therefore shall be owned by the Town as constructed and/or conveyed to the Town and Landowner will execute such conveyances and/or dedications of public rights of way and easements as may be reasonably required to evidence such ownership, as generally described on the current plats of the property within the District.

B. Grant of Easement and License, Construction of Phase #2B-1 Local Improvements.

(i) Any subsequent owner of an Assessed Parcel shall, upon the request of the Town or Landowner, grant and convey to the Town or Landowner and its contractors, materialmen and workmen a temporary license and/or easement, as appropriate, to construct the Phase #2B-1 Local Improvements on the property within the District, to stage on the property within the District construction trailers, building materials and equipment

to be used in connection with such construction of the Phase #2B-1 Local Improvements and for passage and use over and across parts of the property within the District as shall be reasonably necessary during the construction of the Phase #2B-1 Local Improvements. Any subsequent owner of an Assessed Parcel may require that each contractor constructing the Phase #2B-1 Local Improvements cause such owner of an Assessed Parcel to be indemnified and/or named as an additional insured under liability insurance reasonably acceptable to such owner of an Assessed Parcel. The right to use and enjoy any easement and license provided above shall continue until the construction of the Phase #2B-1 Local Improvements are complete; provided, however, any such license or easement shall automatically terminate upon the recording of the final plat for the Landowner's Parcel in the real property records of Denton County, Texas.

(ii) Landowner hereby agrees that any right or condition imposed by the Development Agreement, or other agreement, with respect to the Assessments has been satisfied, and that Landowner shall not have any rights or remedies against the Town under any law or principles of equity concerning the Assessments, with respect to the formation of the District, approval of the Service and Assessment Plan and the Town's levy and collection of the Assessments.

III. COVENANTS AND WARRANTIES; MISCELLANEOUS

A. Special Covenants and Warranties of Landowner.

Landowner represents and warrants to the Town as follows:

(i) Landowner is duly organized, validly existing and, as applicable, in good standing under the laws of the state of its organization and has the full right, power and authority to enter into this Agreement, and to perform all the obligations required to be performed by Landowner hereunder.

(ii) This Agreement has been duly and validly executed and delivered by, and on behalf of, Landowner and, assuming the due authorization, execution and delivery thereof by and on behalf of the Town and the Landowner, constitutes a valid, binding and enforceable obligation of such party enforceable in accordance with its terms. This representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

(iii) Neither the execution and delivery hereof, nor the taking of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under, any instrument, note, mortgage, contract,

judgment, order, award, decree or other agreement or restriction to which Landowner is a party, or by which Landowner or Landowner's Parcel is otherwise bound.

(iv) Landowner is, subject to all matters of record in the Denton County, Texas Real Property Records, the sole owner of the Landowner's Parcel.

(v) The Landowner's Parcel owned by Landowner is not subject to, or encumbered by, any covenant, lien, encumbrance or agreement which would prohibit (i) the creation of the District, (ii) the levy of the Assessments and the priority of the lien related to the assessments as described in this Agreement, or (iii) the construction of the Phase #2B-1 Local Improvements on those portions of the property within Phase #2B-1 of the District which are to be owned by the Town, as generally described on the current plats of the property within the District (or, if subject to any such prohibition, the approval or consent of all necessary parties thereto has been obtained).

(vi) Landowner covenants and agrees to execute any and all documents necessary, appropriate or incidental to the purposes of this Agreement, as long as such documents are consistent with this Agreement and do not create additional liability of any type to, or reduce the rights of, such Landowner by virtue of execution thereof.

B. Waiver of Claims Concerning Phase #2B-1 Local Improvements. The Landowner, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, waives any claims against the Town and its successors, assigns and agents, pertaining to the installation of the Phase #2B-1 Local Improvements.

C. Notices.

Any notice or other communication to be given to the Town or Landowner under this Agreement shall be given by delivering the same in writing to:

To the Town:	Town of Little Elm, Texas Attn: Town Manager 100 West Eldorado Parkway Little Elm, Texas 75068
With a copy to:	Town Attorney Attn: Robert F. Brown 100 West Eldorado Parkway Little Elm, Texas 75068
To the Landowner:	MM Valencia 2BFC, LLC Attn: Mehrdad Moayed 1800 Valley View Lane, Suite 300

Farmers Branch, Texas 75234

With a copy to: Miklos Cinclair, PLLC
Attn: Prabha Cinclair
1800 Valley View Lane, Suite 360
Farmers Branch, Texas 75234

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the recipient as the address set forth herein.

Each recipient may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this provision shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for, or actually received by, the addressee.

D. Parties in Interest.

This Agreement is made solely for the benefit of the Town and the Landowner and is not assignable, except, in the case of Landowner, in connection with the sale or disposition of all or substantially all of the parcels which constitute the Landowner's Parcel. However, the parties expressly agree and acknowledge that the Town, the Landowner, each current owner of any parcel which constitutes the Landowner's Parcel, and the holders of or trustee for any bonds secured by Phase #2B-1 Local Improvement assessment revenues of the Town or any part thereof to finance the costs of the Phase #2B-1 Local Improvements, are express beneficiaries of this Agreement and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the parties hereto. This Agreement shall be recorded in the real property records of Denton County, Texas.

E. Amendments.

This Agreement may be amended only by written instrument executed by the Town and the Landowner. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the property within the District and recorded in the Real Property Records of Denton County, Texas.

F. Effective Date.

This Agreement shall become and be effective (the "Effective Date") upon the date of final execution by the latter of the Town and the Landowner and shall be valid and enforceable on said date and thereafter.

G. Estoppels.

Within 10 days after written request from a party hereto, the other party shall provide a written certification, indicating whether this Agreement remains in effect as to an Assessed Parcel, and whether any party is then in default hereunder.

H. Termination.

This Agreement shall terminate and be of no further force and effect as to each Assessed Parcel upon payment in full of the Assessment(s) against such Assessed Parcel.

I. Representations.

No Boycott of Israel; No Business With Sanctioned Countries. The Landowner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Landowner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

The Landowner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Landowner and any of its respective parent companies, 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. The Landowner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Landowner 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. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code. The Landowner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, “SB 19”), Texas Government Code, as amended, the Landowner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3) (as added by SB 19), Texas Government Code. The Landowner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

[Signature pages to follow]

EXECUTED by the Town and Landowner on the respective dates stated below.

Date: _____

TOWN OF LITTLE ELM, TEXAS

By: _____
Curtis J. Cornelious, Mayor

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the __ day of December, 2021 by Curtis J. Cornelious, Mayor of the Town of Little Elm, Texas on behalf of said Town.

(SEAL)

Notary Public, State of Texas

Name printed or typed

Commission Expires:_____

[Signature Page Landowner Agreement]

LANDOWNER:

MM Valencia 2BFC, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the _____ day of _____, 20__ by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of MM Valencia 2BFC, LLC, a Texas limited liability company on behalf of said company.

Notary Public, State of Texas

[Signature Page Landowner Agreement]

LANDOWNER AGREEMENT - EXHIBIT I
DESCRIPTION OF LANDOWNER'S PARCEL

TWENTY (20) Residential Lots within Phase 2B-1:

Block A, Lots 1, 8-19

Block B, Lots 8-12

Block F, Lots 1-2

LANDOWNER AGREEMENT - EXHIBIT II

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS** (as it may be amended from time to time, this “Declaration”) is made as of December 7, 2021 by MM Valencia 2BFC, LLC, a Texas limited liability company (the “Landowner”).

RECITALS:

- A. The Landowner holds record title to that portion of the real property located in Denton County, Texas, which is described in the attached **Exhibit I** (the “Landowner’s Parcel”).
- B. The Town Council of the Town of Little Elm (the “Town Council”) upon a petition requesting the establishment of a public improvement district covering the property within the District to be known as the Valencia Public Improvement District (the “District”) by the then current owners of 100% of the appraised value of the taxable real property and 100% of the area of all taxable real property within the area requested to be included in the District created such District, in accordance with the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “PID Act”).
- C. The Town Council has adopted an assessment ordinance to levy assessments for certain public improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an exhibit to the Phase #2B-1 Assessment Ordinance (as amended from time to time, the “Service and Assessment Plan”), and has levied the assessments (as amended from time to time, the “Assessments”) on property in Phase #2B-1 of the District.
- D. The statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended, to the purchaser, is incorporated into these Covenants, Conditions and Restrictions.

DECLARATIONS:

NOW, THEREFORE, the Landowner hereby declares that the Landowner’s Parcel is and shall be subject to, and hereby imposes on the Landowner’s Parcel, the following covenants, conditions and restrictions:

1. Acceptance and Approval of Assessments and Lien on Property:

- (a) Landowner accepts each Assessment levied on the Landowner’s Parcel owned by such Landowner.
- (b) The Assessment (including any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred) is (a) a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims except for

liens or claims for state, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named. The Assessment Lien is effective from the date of the Phase #2B-1 Assessment Ordinance until the Assessments are paid and may be enforced by the Town in the same manner as an ad valorem property tax levied against real property that may be enforced by the Town. The owner of any assessed property may pay, at any time, the entire Assessment levied against any such property. Foreclosure of an ad valorem property tax lien on property within Phase #2B-1 of the District will not extinguish the Assessment or any unpaid but not yet due annual installments of the Assessment, and will not accelerate the due date for any unpaid and not yet due annual installments of the Assessment.

It is the clear intention of all parties to these Declarations of Covenants, Conditions and Restrictions, that the Assessments, including any annual installments of the Assessments (as such annual installments may be adjusted, decreased or extended), are covenants that run with the Landowner's Parcel and specifically binds the Landowner, its successors and assigns.

In the event of delinquency in the payment of any annual installment of the Assessment, the Town is empowered to order institution of an action in district court to foreclose the related Assessment Lien, to enforce personal liability against the owner of the real property for the Assessment, or both. In such action the real property subject to the delinquent Assessment may be sold at judicial foreclosure sale for the amount of such delinquent property taxes and Assessment, plus penalties, interest and costs of collection.

2. Landowner or any subsequent owner of the Landowner's Parcel waives:

- (a) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District and levying and collecting the Assessments or the annual installments of the Assessments;
- (b) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the levy of Assessments by the Town Council concerning the Assessments;
- (c) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption of, the Phase #2B-1 Assessment Ordinance by the Town Council;
- (d) any and all actions and defenses against the adoption or amendment of the Service and Assessment Plan, the Town's finding of a 'special benefit' pursuant to the PID Act and the Service and Assessment Plan, and the levy of the Assessments; and
- (e) any right to object to the legality of any of the Assessments or the Service and Assessment Plan or to any of the previous proceedings connected therewith which occurred prior to, or upon, the Town Council's levy of the Assessments.

3. **Amendments:** This Declaration may be terminated or amended only by a document duly executed and acknowledged by the then-current owner(s) of the Landowner's Parcel and the Town. No such termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the parties by whom approval is required as set forth above and recorded in the real Property Records of Denton County, Texas.
4. **Third Party Beneficiary:** The Town is a third party beneficiary to this Declaration and may enforce the terms hereof.
5. **Notice to Subsequent Purchasers:** Upon the sale of a dwelling unit within the District, the purchaser of such property shall be provided a written notice that reads substantially similar to the following:

TEXAS PROPERTY CODE SECTION 5.014

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENTS TO THE TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS CONCERNING THE FOLLOWING PROPERTY [Address]

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas, for the costs of a portion of a public improvement or service project (the "Authorized Improvements") undertaken for the benefit of the property within the Valencia Public Improvement (the "District") created under Subchapter A, Chapter 372 of the Texas Local Government Code, as amended.

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 Town of Little Elm, Texas, located at 100 West Eldorado Parkway, Little Elm, Texas 75068. The exact amount of each annual installment will be approved each year by the Town Council of the Town in the annual service plan update for the District

More information about the assessments, including the amounts and due dates, may be obtained from the Town of Little Elm, Texas located at 100 West Eldorado Parkway, Little Elm, Texas 75068.

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. 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.

.

Signature of Purchaser(s) _____

Date: _____

EXECUTED by the undersigned on the date set forth below to be effective as of the date first above written.

MM Valencia 2BFC, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the _____ day of _____, 20__ by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of MM Valencia 2BFC, LLC, a Texas limited liability company on behalf of said company.

Notary Public, State of Texas

LANDOWNER AGREEMENT - EXHIBIT III

HOMEBUYER EDUCATION PROGRAM

As used in this **Exhibit III**, the recorded Notice of the Authorization and Establishment of the Valencia Public Improvement District and the Covenants, Conditions and Restrictions in **Exhibit II** of this Agreement are referred to as the “Recorded Notices.”

1. Any Landowner who is a Builder shall attach the Recorded Notices and the final Phase #2B-1 Local Improvement Assessment Roll for such Assessed Parcel (or if the Phase #2B-1 Local Improvement Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30 year payment for such Assessed Parcel) as an addendum to any residential homebuyer’s contract.
2. Any Landowner who is a Builder shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the Town.
3. Any Landowner who is a Builder shall prominently display signage in its model homes, if any, substantially in the form of the Recorded Notices.
4. If prepared and provided by the Town, any Landowner who is a Builder shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. Any Landowner who is a Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers.

EXHIBIT F

D.R. HORTON LANDOWNER AGREEMENT

PHASE #2B-1 LANDOWNER AGREEMENT

This **PHASE #2B-1 LANDOWNER AGREEMENT** (the “Agreement”), is entered into as of December 7, 2021, between the Town of Little Elm, Texas (the “Town”), a home rule municipality of the State of Texas (the “State”), and D.R. Horton – Texas, Ltd., a Texas limited partnership (the “Landowner”).

RECITALS:

WHEREAS, Landowner owns the “Assessed Parcels” described by the description attached as **Exhibit I** to this Agreement and which is incorporated herein for all purposes, comprising all of the non-exempt, privately-owned land described in **Exhibit I** (the “Landowner Parcel”) which is located within the Valencia Public Improvement District (the “District”) in the Town; and

WHEREAS, the Town Council has adopted an assessment ordinance for the Phase #2B-1 Local Improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an Exhibit A to the Phase #2B-1 Assessment Ordinance as updated and amended (the “Service and Assessment Plan”) and which is incorporated herein for all purposes, and has levied an assessment on each Assessed Parcel in Phase #2B-1 of the District (as identified in the Service and Assessment Plan) that will be pledged as security for the payment of bonds or other obligations to be issued for the payment of certain infrastructure improvements and to pay the costs of constructing the Phase #2B-1 Local Improvements that will benefit the Phase #2B-1 Local Improvement Assessed Property (as defined in the Service and Assessment Plan); and

WHEREAS, the Covenants, Conditions and Restrictions attached to this Agreement as **Exhibit II** and which are incorporated herein for all purposes, include the statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”), to the purchaser.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits hereinafter set forth, the Town and the Landowner hereby contract, covenant and agree as follows:

DEFINITIONS; APPROVAL OF AGREEMENTS

Definitions. Capitalized terms used but not defined herein (including each exhibit hereto) shall have the meanings ascribed to them in the Service and Assessment Plan.

Affirmation of Recitals. The findings set forth in the Recitals of this Agreement are hereby incorporated as the official findings of the Town Council.

I. AGREEMENTS OF LANDOWNER

A. Affirmation and Acceptance of Agreements and Findings of Benefit. Landowner hereby ratifies, confirms, accepts, agrees to, and approves:

(i) the creation and boundaries of the District, and the boundaries of the Landowner's Parcel, as shown on **Exhibit I**, and the location and development of the Phase #2B-1 Local Improvements on the Landowner Parcel and on the property within Phase #2B-1 of the District;

(ii) the determinations and findings as to the benefits by the Town Council in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(iii) the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan.

B. Acceptance and Approval of Assessments and Lien on Property. Landowner consents to, agrees to, acknowledges and accepts the following:

(i) each Assessment levied by the Town on each Assessed Parcel within Phase #2B-1 of the District as shown on the assessment roll attached as Appendix I-3 to the Service and Assessment Plan (the "Phase #2B-1 Local Improvement Assessment Roll");

(ii) the Phase #2B-1 Local Improvements specially benefit Phase #2B-1 of the District, and the Landowner's Parcel, in an amount at least equal to the Assessment levied on each Assessed Parcel within Phase #2B-1 of the District, as such Assessment is shown on the Phase #2B-1 Local Improvement Assessment Roll;

(iii) each Assessment is final, conclusive and binding upon Landowner and any subsequent owner of an Assessed Parcel, regardless of whether such landowner may be required to prepay a portion of, or the entirety of, such Assessment upon the occurrence of a mandatory prepayment event as provided in the Service and Assessment Plan;

(iv) the obligation to pay the Assessment levied on the Assessed Parcel(s) owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Phase #2B-1 Assessment Ordinance;

(v) each Assessment or reassessment, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Assessed Parcel, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of and charge against the owner of the Assessed Parcel regardless of whether such owner is named;

(vi) the Assessment lien on each Assessed Parcel is a lien and covenant that runs with the land and is effective from the date of the Phase #2B-1 Assessment Ordinance and continues until the Assessment is paid and may be enforced by the governing body of the Town in the same manner that an ad valorem tax lien against real property may be enforced by the Town;

(vii) delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) the owner of an Assessed Parcel may pay at any time the entire Assessment, with interest that has accrued on the Assessment, on any parcel in the Landowner's Parcel;

(ix) the Annual Installments of the Assessments (as defined in the Service and Assessment Plan and Phase #2B Local Improvement Assessment Roll) may be adjusted, decreased and extended; and, the assessed parties shall be obligated to pay their respective revised amounts of the annual installments, when due, and without the necessity of further action, assessments or reassessments by the Town, the same as though they were expressly set forth herein; and

(x) Landowner has received, or hereby waives, all notices required to be provided to it under Texas law, including the PID Act, prior to the Effective Date (defined herein).

C. Mandatory Prepayment of Assessments. Landowner agrees and acknowledges that Landowner or subsequent landowners may have an obligation to prepay an Assessment upon the occurrence of a mandatory prepayment event, at the sole discretion of the Town and as provided in the Service and Assessment Plan, as amended or updated.

D. Notice of Assessments. Landowner further agrees as follows:

(i) the Covenants, Conditions and Restrictions attached hereto as **Exhibit II** shall be terms, conditions and provisions running with the Landowner's Parcel and shall be recorded (the contents of which shall be consistent with the Phase #2B-1 Assessment Ordinance and the Service and Assessment Plan as reasonably determined by the Town), in the records of the County Clerk of Denton County, as a lien and encumbrance against such Assessed Parcel, and Landowner hereby authorizes the Town to so record such documents against the Assessed Parcels owned by Landowner;

(ii) in the event of any subdivision, sale, transfer or other conveyance by the Landowner of the right, title or interest of the Landowner in the Landowner's Parcel or any part thereof, the Landowner's Parcel, or any such part thereof, shall continue to be bound by all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions and any purchaser, transferee or other subsequent owner shall take such

Assessed Parcel(s) subject to all of the terms, conditions and provisions of such Covenants, Conditions and Restrictions; and

(iii) Landowner shall comply with, and shall contractually obligate (and promptly provide written evidence of such contractual provisions to the Town) any party who purchases any Assessed Parcel owned by Landowner, or any portion thereof, for the purpose of constructing residential properties that are eligible for “homestead” designations under State law, to comply with, the Homebuyer Education Program described on **Exhibit III** to this Agreement. Such compliance obligation shall terminate as to each Lot (as defined in the Service and Assessment Plan) if, and when, (i) a final certificate of occupancy for a residential unit on such Lot is issued by the Town, and (ii) there is a sale of a Lot to an individual homebuyer, it being the intent of the undersigned that the Homebuyer Education Program shall apply only to a commercial builder who is in the business of constructing and/or selling residences to individual home buyers (a “Builder”) but not to subsequent sales of such residence and Lot by an individual home buyer after the initial sale by a Builder.

Notwithstanding the provisions of this Section, upon the Landowner’s request and the Town’s consent, in the Town’s sole and absolute discretion, the Covenants, Conditions and Restrictions may be included with other written restrictions running with the land on property within the District, provided they contain all the material provisions and provide the same material notice to prospective property owners as does the document attached as **Exhibit II**.

II. OWNERSHIP AND CONSTRUCTION OF PHASE #2B-1 LOCAL IMPROVEMENTS

A. Ownership and Transfer of Phase #2B-1 Local Improvements. Landowner acknowledges that all of the Phase #2B-1 Local Improvements and the land (or easements, as applicable) needed therefore shall be owned by the Town as constructed and/or conveyed to the Town and Landowner will execute such conveyances and/or dedications of public rights of way and easements as may be reasonably required to evidence such ownership, as generally described on the current plats of the property within the District.

B. Grant of Easement and License, Construction of Phase #2B-1 Local Improvements.

(i) Any subsequent owner of an Assessed Parcel shall, upon the request of the Town or Landowner, grant and convey to the Town or Landowner and its contractors, materialmen and workmen a temporary license and/or easement, as appropriate, to construct the Phase #2B-1 Local Improvements on the property within the District, to stage on the property within the District construction trailers, building materials and equipment to be used in connection with such construction of the Phase #2B-1 Local Improvements and for passage and use over and across parts of the property within the District as shall be

reasonably necessary during the construction of the Phase #2B-1 Local Improvements. Any subsequent owner of an Assessed Parcel may require that each contractor constructing the Phase #2B-1 Local Improvements cause such owner of an Assessed Parcel to be indemnified and/or named as an additional insured under liability insurance reasonably acceptable to such owner of an Assessed Parcel. The right to use and enjoy any easement and license provided above shall continue until the construction of the Phase #2B-1 Local Improvements are complete; provided, however, any such license or easement shall automatically terminate upon the recording of the final plat for the Landowner's Parcel in the real property records of Denton County, Texas.

(ii) Landowner hereby agrees that any right or condition imposed by the Development Agreement, or other agreement, with respect to the Assessments has been satisfied, and that Landowner shall not have any rights or remedies against the Town under any law or principles of equity concerning the Assessments, with respect to the formation of the District, approval of the Service and Assessment Plan and the Town's levy and collection of the Assessments.

III. COVENANTS AND WARRANTIES; MISCELLANEOUS

A. Special Covenants and Warranties of Landowner.

Landowner represents and warrants to the Town as follows:

(i) Landowner is duly organized, validly existing and, as applicable, in good standing under the laws of the state of its organization and has the full right, power and authority to enter into this Agreement, and to perform all the obligations required to be performed by Landowner hereunder.

(ii) This Agreement has been duly and validly executed and delivered by, and on behalf of, Landowner and, assuming the due authorization, execution and delivery thereof by and on behalf of the Town and the Landowner, constitutes a valid, binding and enforceable obligation of such party enforceable in accordance with its terms. This representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

(iii) Neither the execution and delivery hereof, nor the taking of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under, any instrument, note, mortgage, contract, judgment, order, award, decree or other agreement or restriction to which Landowner is a party, or by which Landowner or Landowner's Parcel is otherwise bound.

(iv) Landowner is, subject to all matters of record in the Denton County, Texas Real Property Records, the sole owner of the Landowner's Parcel.

(v) The Landowner's Parcel owned by Landowner is not subject to, or encumbered by, any covenant, lien, encumbrance or agreement which would prohibit (i) the creation of the District, (ii) the levy of the Assessments and the priority of the lien related to the assessments as described in this Agreement, or (iii) the construction of the Phase #2B-1 Local Improvements on those portions of the property within Phase #2B-1 of the District which are to be owned by the Town, as generally described on the current plats of the property within the District (or, if subject to any such prohibition, the approval or consent of all necessary parties thereto has been obtained).

(vi) Landowner covenants and agrees to execute any and all documents necessary, appropriate or incidental to the purposes of this Agreement, as long as such documents are consistent with this Agreement and do not create additional liability of any type to, or reduce the rights of, such Landowner by virtue of execution thereof.

B. Waiver of Claims Concerning Phase #2B-1 Local Improvements. The Landowner, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, waives any claims against the Town and its successors, assigns and agents, pertaining to the installation of the Phase #2B-1 Local Improvements.

C. Notices.

Any notice or other communication to be given to the Town or Landowner under this Agreement shall be given by delivering the same in writing to:

To the Town: Town of Little Elm, Texas
Attn: Town Manager
100 West Eldorado Parkway
Little Elm, Texas 75068

With a copy to: Town Attorney
Attn: Robert F. Brown
100 West Eldorado Parkway
Little Elm, Texas 75068

To the Landowner: D.R. Horton – Texas, Ltd.
4306 Miller Road
Rowlett, TX 75088
Attn: David Booth
Telephone: (214) 607-4244
Facsimile: (214) 607-4195

Email: dbooth@drhorton.com

With a copy to: Koons Real Estate Law
1410 Robinson Road, Unit 100
Corinth, TX 76210
Attn: Tiffany Sanford
Telephone: (214) 954-0067
Facsimile: (214) 954-0108
Email: tsanford@koonsrealestatelaw.com

And: D.R. Horton, Inc.
301 Commerce Street, Suite 500
Fort Worth, Texas 76102
Attn: Mark Karnes, Esq.

And: D.R. Horton, Inc.
4306 Miller Road
Rowlett, TX 75088
Attn: Jim Ilkenhans, Regional Counsel
Telephone: (214) 607-4244
Facsimile: (800) 276-4288
Email: JCIlkenhans@drhorton.com

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the recipient as the address set forth herein.

Each recipient may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this provision shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for, or actually received by, the addressee.

D. Parties in Interest.

This Agreement is made solely for the benefit of the Town and the Landowner and is not assignable, except, in the case of Landowner, in connection with the sale or disposition of all or substantially all of the parcels which constitute the Landowner's Parcel. However, the parties expressly agree and acknowledge that the Town, the Landowner, each current owner of any parcel which constitutes the Landowner's Parcel, and the holders of or trustee for any bonds secured by Phase #2B-1 Local Improvement assessment revenues of the Town or any part thereof to finance the costs of the Phase #2B-1 Local Improvements, are express beneficiaries of this Agreement and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the

parties hereto. This Agreement shall be recorded in the real property records of Denton County, Texas.

E. Amendments.

This Agreement may be amended only by written instrument executed by the Town and the Landowner. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the property within the District and recorded in the Real Property Records of Denton County, Texas.

F. Effective Date.

This Agreement shall become and be effective (the "Effective Date") upon the date of final execution by the latter of the Town and the Landowner and shall be valid and enforceable on said date and thereafter.

G. Estoppels.

Within 10 days after written request from a party hereto, the other party shall provide a written certification, indicating whether this Agreement remains in effect as to an Assessed Parcel, and whether any party is then in default hereunder.

H. Termination.

This Agreement shall terminate and be of no further force and effect as to each Assessed Parcel upon payment in full of the Assessment(s) against such Assessed Parcel.

I. Representations.

No Boycott of Israel; No Business With Sanctioned Countries. The Landowner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Landowner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

The Landowner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Landowner and any of its respective parent companies, 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. The Landowner understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Landowner 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. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code. The Landowner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, “SB 19”), Texas Government Code, as amended, the Landowner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3) (as added by SB 19), Texas Government Code. The Landowner

understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

[Signature pages to follow]

EXECUTED by the Town and Landowner on the respective dates stated below.

Date: _____

TOWN OF LITTLE ELM, TEXAS

By: _____
Curtis J. Cornelious, Mayor

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the __ day of December, 2021 by Curtis J. Cornelious, Mayor of the Town of Little Elm, Texas on behalf of said Town.

(SEAL)

Notary Public, State of Texas

Name printed or typed

Commission Expires:_____

[Signature Page Landowner Agreement]

LANDOWNER:

D.R. Horton – Texas, Ltd.,
a Texas limited partnership

By: D.R. Horton, Inc.,
a Delaware corporation,
its authorized agent

By: _____
Name: David L. Booth
Its: Assistant Vice President

Date of Execution: _____

STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the _____ day of December, 2021 by David L. Booth, Assistant Vice President of D.R. Horton, Inc., a Delaware corporation, as authorized agent of D.R. Horton – Texas, Ltd., a Texas limited partnership, on behalf of said entities.

Notary Public, State of Texas

My Commission Expires:

[Signature Page Landowner Agreement]

LANDOWNER AGREEMENT - EXHIBIT I
DESCRIPTION OF LANDOWNER'S PARCEL

FIFTY-ONE (51) Residential Lots within Phase 2B-1:

Block A, Lots 2, 24-34
Block B, Lots 1-3, 18, 19
Block C, 1-9
Block D, 1-12
Block E, 1-9
Block F, 3-6

LANDOWNER AGREEMENT - EXHIBIT II

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS** (as it may be amended from time to time, this “Declaration”) is made as of December 7, 2021 by D.R. Horton – Texas, Ltd., a Texas limited partnership (the “Landowner”).

RECITALS:

- A. The Landowner holds record title to that portion of the real property located in Denton County, Texas, which is described in the attached **Exhibit I** (the “Landowner’s Parcel”).
- B. The Town Council of the Town of Little Elm (the “Town Council”) upon a petition requesting the establishment of a public improvement district covering the property within the District to be known as the Valencia Public Improvement District (the “District”) by the then current owners of 100% of the appraised value of the taxable real property and 100% of the area of all taxable real property within the area requested to be included in the District created such District, in accordance with the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “PID Act”).
- C. The Town Council has adopted an assessment ordinance to levy assessments for certain public improvements (including all exhibits and attachments thereto, the “Phase #2B-1 Assessment Ordinance”) and the Service and Assessment Plan included as an exhibit to the Phase #2B-1 Assessment Ordinance (as amended from time to time, the “Service and Assessment Plan”), and has levied the assessments (as amended from time to time, the “Assessments”) on property in Phase #2B-1 of the District.
- D. The statutory notification required by Texas Property Code, Section 5.014, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended, to the purchaser, is incorporated into these Covenants, Conditions and Restrictions.

DECLARATIONS:

NOW, THEREFORE, the Landowner hereby declares that the Landowner’s Parcel is and shall be subject to, and hereby imposes on the Landowner’s Parcel, the following covenants, conditions and restrictions:

1. Acceptance and Approval of Assessments and Lien on Property:

- (a) Landowner accepts each Assessment levied on the Landowner’s Parcel owned by such Landowner.
- (b) The Assessment (including any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred) is (a) a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims except for

liens or claims for state, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named. The Assessment Lien is effective from the date of the Phase #2B-1 Assessment Ordinance until the Assessments are paid and may be enforced by the Town in the same manner as an ad valorem property tax levied against real property that may be enforced by the Town. The owner of any assessed property may pay, at any time, the entire Assessment levied against any such property. Foreclosure of an ad valorem property tax lien on property within Phase #2B-1 of the District will not extinguish the Assessment or any unpaid but not yet due annual installments of the Assessment, and will not accelerate the due date for any unpaid and not yet due annual installments of the Assessment.

It is the clear intention of all parties to these Declarations of Covenants, Conditions and Restrictions, that the Assessments, including any annual installments of the Assessments (as such annual installments may be adjusted, decreased or extended), are covenants that run with the Landowner's Parcel and specifically binds the Landowner, its successors and assigns.

In the event of delinquency in the payment of any annual installment of the Assessment, the Town is empowered to order institution of an action in district court to foreclose the related Assessment Lien, to enforce personal liability against the owner of the real property for the Assessment, or both. In such action the real property subject to the delinquent Assessment may be sold at judicial foreclosure sale for the amount of such delinquent property taxes and Assessment, plus penalties, interest and costs of collection.

2. Landowner or any subsequent owner of the Landowner's Parcel waives:

- (a) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District and levying and collecting the Assessments or the annual installments of the Assessments;
- (b) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the levy of Assessments by the Town Council concerning the Assessments;
- (c) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption of, the Phase #2B-1 Assessment Ordinance by the Town Council;
- (d) any and all actions and defenses against the adoption or amendment of the Service and Assessment Plan, the Town's finding of a 'special benefit' pursuant to the PID Act and the Service and Assessment Plan, and the levy of the Assessments; and
- (e) any right to object to the legality of any of the Assessments or the Service and Assessment Plan or to any of the previous proceedings connected therewith which occurred prior to, or upon, the Town Council's levy of the Assessments.

3. **Amendments:** This Declaration may be terminated or amended only by a document duly executed and acknowledged by the then-current owner(s) of the Landowner's Parcel and the Town. No such termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the parties by whom approval is required as set forth above and recorded in the real Property Records of Denton County, Texas.
4. **Third Party Beneficiary:** The Town is a third party beneficiary to this Declaration and may enforce the terms hereof.
5. **Notice to Subsequent Purchasers:** Upon the sale of a dwelling unit within the District, the purchaser of such property shall be provided a written notice that reads substantially similar to the following:

TEXAS PROPERTY CODE SECTION 5.014

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENTS TO THE TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS CONCERNING THE FOLLOWING PROPERTY [Address]

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas, for the costs of a portion of a public improvement or service project (the "Authorized Improvements") undertaken for the benefit of the property within the Valencia Public Improvement (the "District") created under Subchapter A, Chapter 372 of the Texas Local Government Code, as amended.

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 Town of Little Elm, Texas, located at 100 West Eldorado Parkway, Little Elm, Texas 75068. The exact amount of each annual installment will be approved each year by the Town Council of the Town in the annual service plan update for the District

More information about the assessments, including the amounts and due dates, may be obtained from the Town of Little Elm, Texas located at 100 West Eldorado Parkway, Little Elm, Texas 75068.

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. 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.

Signature of Purchaser(s) _____

Date: _____

EXECUTED by the undersigned on the date set forth below to be effective as of the date first above written.

D.R. Horton – Texas, Ltd.,
a Texas limited partnership

By: D.R. Horton, Inc.,
a Delaware corporation,
its authorized agent

By: _____
Name: David L. Booth
Its: Assistant Vice President

STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the _____ day of December, 2021 by David L. Booth, Assistant Vice President of D.R. Horton, Inc., a Delaware corporation, as authorized agent of D.R. Horton – Texas, Ltd., a Texas limited partnership, on behalf of said entities.

Notary Public, State of Texas

My Commission Expires:

LANDOWNER AGREEMENT - EXHIBIT III

HOMEBUYER EDUCATION PROGRAM

As used in this **Exhibit III**, the recorded Notice of the Authorization and Establishment of the Valencia Public Improvement District and the Covenants, Conditions and Restrictions in **Exhibit II** of this Agreement are referred to as the “Recorded Notices.”

1. Any Landowner who is a Builder shall attach the Recorded Notices and the final Phase #2B-1 Local Improvement Assessment Roll for such Assessed Parcel (or if the Phase #2B-1 Local Improvement Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30 year payment for such Assessed Parcel) as an addendum to any residential homebuyer’s contract.
2. Any Landowner who is a Builder shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the Town.
3. Any Landowner who is a Builder shall prominently display signage in its model homes, if any, substantially in the form of the Recorded Notices.
4. If prepared and provided by the Town, any Landowner who is a Builder shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. Any Landowner who is a Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers.



Date: 12/07/2021
Agenda Item #: 8. B.
Department: Administrative Services
Strategic Goal: Ensure strong relationship within the community and region
Staff Contact: Kate Graham, Assistant to the Town Manager

AGENDA ITEM:

Present, Discuss, and Consider Action on **Resolution No. 1207202102, Casting 65 Votes for a Candidate for Appointment to the Denton Central Appraisal District Board of Directors.**

DESCRIPTION:

Each voting unit for the Denton County Appraisal District Board must cast its vote by written resolution and submit it to the Chief Appraiser before December 15th. The unit may cast all its votes for one candidate or may distribute the votes among any number of candidates. The Town of Little Elm has 65 votes. When a voting unit casts its votes, it must cast the votes for a person that was nominated and is named on the ballot. There is no provision for write-in candidates. The Tax Code does not permit the Chief Appraiser to count votes cast for someone not listed on the official ballot. The five nominees receiving the most votes will become the Denton CAD Board of Directors.

At the November 16, 2021 Town Council Meeting, Council directed staff to create a resolution providing all 65 votes for David Terre. Staff has since been notified that David Terre has enough votes to be on the board and is requesting direction from Council on casting votes for a different nominee.

BUDGET IMPACT:

There is no budget impact for this item.

RECOMMENDED ACTION:

Staff requests direction from Town Council.

Attachments

Resolution No. 1207202102

TOWN OF LITTLE ELM, TEXAS

RESOLUTION NO. 1207202102

A RESOLUTION OF THE TOWN OF LITTLE ELM, TEXAS, CASTING 65 VOTES FOR A CANDIDATE FOR APPOINTMENT TO THE DENTON CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, each year, the Denton Central Appraisal District appoints persons to the Appraisal District Board of Directors, submitting the nominees to each governmental entity for it to cast its votes for board membership; and

WHEREAS, the Town of Little Elm, Texas, has 65 votes to cast based on the DCAD formula, and the Town has been requested to cast its votes for one or more nominees.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:

SECTION 1. The Town Council of the Town of Little Elm, Texas, does hereby cast 65 votes for NAME for appointment to the Board of Directors of the Denton Central Appraisal District.

SECTION 2. The Town Secretary is directed to send a copy of this Resolution to the Denton Central Appraisal District.

SECTION 3. This Resolution shall take effect upon its adoption.

PASSED, APPROVED AND ADOPTED on the 7th day of December, 2021.

ATTEST:

Cornelious Curtis, Mayor

Caitlan Biggs,

Town Secretary

SEAL



Town Council Meeting

Date: 12/07/2021
Agenda Item #: 8. C.
Department: Economic Development Corporation
Strategic Goal: Promote and expand Little Elm's identity
Staff Contact: Jennette Espinosa, EDC Executive Director

AGENDA ITEM:

Present, Discuss, and Consider Action on an **Amendment to the Tax Abatement Agreement between the Town of Little Elm and Retractable Technologies, Inc. for Financial Assistance to Operate the Facility, on Approximately 34 Acres, Generally Located at 511 Lobo Lane, in the Town of Little Elm, Denton County, Texas. Said Property Owned by Retractable Technologies, Inc., is Located in Reinvestment Zone #5 and Thomas J. Shaw, CEO of Retractable Technologies, Inc., is Requesting an Amendment to the Property Tax Abatement.**

DESCRIPTION:

On or about October 6, 2020, the Town and Retractable Technologies, Inc., entered into the original Tax Abatement Agreement regarding financial assistance to operate the facility generally located at 511 Lobo Lane, in the Town of Little Elm, Denton County Texas.

Section 312.208(a) of the Texas Tax Code provides the authority for the Town and Retractable Technologies, Inc., to amend the Original Agreement, and this section states the following:

Section 312.208. MODIFICATION OF AGREEMENT. (a) At any time before the expiration of an agreement made under this subchapter, the agreement may be modified by the parties to the agreement to include other provisions that could have been included in the original agreement or to delete provisions that were not necessary to the original agreement. The modifications must be made by the same procedure by which the original agreement was approved and executed. The original agreement may not be modified to extend beyond 10 years from the date of the original agreement.

Amendment to Original Agreement read as follows:

1. This Tax Abatement Agreement is contingent upon Retractable Technologies, Inc., substantially improving the overall value of the Real Property by constructing improvements on the Real Property costing not less than **Seventeen Million Two Hundred Thousand and NO/100 Dollars (\$17,200,000.00)**. The construction will consist of a minimum 68,390 square

feet which will include a new climate controlled warehouse, boardroom, conference room, executive offices, fitness area and locker room, restrooms, break room area and porch. In addition, Retractable Technologies Inc., agrees to add Personalty to the Real Property by adding a minimum of **Forty Seven Million Three Hundred Thousand and No/100 Dollars (\$47,300,000.00)** to increase manufacturing capacity of VanishPoint Syringes, EasyPoint Needles, and equipment and furnishings for the additional office space.

2. **Occupancy:** Owner agrees to obtain or cause to be obtained by **January 1, 2023**, a Certificate of Occupancy from the Town of Little Elm for a minimum of 55,000 square feet of manufacturing space and 13,390 square feet of office space located on the Real Property.
3. **Job Creation and Retention:** Owner agrees to maintain a minimum of 149 Full Time Equivalent Employment Positions working on the Real Property by **January 1, 2023**.

BUDGET IMPACT:

Forecasted Property Tax Revenue has excluded the anticipated RTI property tax value from the Town's roll until such time this tax abatement has sunset.

RECOMMENDED ACTION:

Staff recommends approval.

Attachments

Amendment to Tax Abatement Agreement-RTI

THE STATE OF TEXAS
COUNTY OF DENTON

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AMENDMENT TO TAX ABATEMENT AGREEMENT

This Amendment to Tax Abatement Agreement (hereinafter referred to as the "Amendment") is entered into by and between the **TOWN OF LITTLE ELM, TEXAS**, a Texas home-rule municipality (hereinafter referred to as the "Town"), and **RETRACTABLE TECHNOLOGIES, INC.**, a Texas corporation (hereinafter referred to as the "Owner"), the property owner of commercial-industrial property generally located at 511 Lobo Lane, Town of Little Elm, Denton County, Texas (also referred to as the "Real Property").

W I T N E S S E T H:

WHEREAS, on or about October 6, 2020, the Town and Owner entered into the original Tax Abatement Agreement (hereinafter referred to as the "Original Agreement") regarding financial assistance to operate the Owner's facility generally located at 511 Lobo Lane, in the Town of Little Elm, Denton County, Texas; and

WHEREAS, Section 312.208(a) of the Texas Tax Code provides the authority for the Town and Owner to amend the Original Agreement, and this section states the following:

"Sec. 312.208. MODIFICATION OR TERMINATION OF AGREEMENT.

(a) At any time before the expiration of an agreement made under this subchapter, the agreement may be modified by the parties to the agreement to include other provisions that could have been included in the original agreement or to delete provisions that were not necessary to the original agreement. The modification must be made by the same procedure by which the original agreement was approved and executed. The original agreement may not be modified to extend beyond 10 years from the date of the original agreement."

WHEREAS, the Town and Owner now desire to amend Sections 2, 4, 6(b), and 6(c) of the Original Agreement in accordance with Section 312.208 of the Texas Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. FINDINGS INCORPORATED.

All the above premises are hereby found to be true and correct and are hereby approved and incorporated into the body of this Amendment as if copied in their entirety.

SECTION 2. AMENDMENTS TO ORIGINAL AGREEMENT.

- (a) **Amendment to Original Agreement.** That Section 2 of the Original Agreement is hereby amended to read as follows:

“SECTION 2. TERM.

This Agreement shall be effective as of the Effective Date, and shall continue thereafter until all obligations of the Owner, and the Town have been performed in full, unless terminated sooner under the provisions hereof.”

- (b) **Amendment to Original Agreement.** That Section 4 of the Original Agreement is hereby amended to read as follows:

“SECTION 4. PROPERTY SUBJECT TO TAX ABATEMENT.

The ~~commercial-industrial~~ real property subject of this Agreement shall be a fee simple interest in the Real Property and the Personalty, generally located at 511 Lobo Lane, located within the Town of Little Elm, Denton County, Texas. The improvements to the Real Property shall increase the overall value of the Real Property by a minimum of **Seventeen Million Two Hundred Thousand and No/100 Dollars (\$17,200,000.00)** consisting of the construction of a minimum 55,000 square foot Retractable Technologies, Inc., manufacturing establishment, located on the Real Property and the installation of Personalty added to the Real Property in the minimum amount of **Forty-Seven Million Three Hundred Thousand and No/100 Dollars (\$47,300,000.00)** to increase manufacturing capacity of VanishPoint Syringes and EasyPoint Needles. The Real Property and the Personalty Property shall be subject to a tax abatement in accordance with the schedule described in Section 5 of this Agreement.

This Tax Abatement Agreement is conditioned upon the Owner substantially improving the overall value of the Real Property by constructing improvements on the Real Property costing not less than **Seventeen Million Two Hundred Thousand and No/100 Dollars (\$17,200,000.00)** consisting of a minimum 55,000 square foot Retractable Technologies, Inc., manufacturing establishment, located on the Real Property on or before **January 1, 2023**. In addition, the Owner agrees to add Personalty to the Real Property by adding a minimum of **Forty-Seven Million Three Hundred Thousand and No/100 Dollars (\$47,300,000.00)** to increase manufacturing capacity of VanishPoint Syringes and EasyPoint Needles on or before **January 1, 2023**. Owner shall substantially complete same, and receive a Certificate of Occupancy from the Town by **January 1, 2023**.”

- (c) **Amendment to Original Agreement.** That Section 6(b) of the Original Agreement is hereby amended to read as follows:

“(b) **Occupancy.** Owner covenants and agrees to obtain or cause to be obtained, by **January 1, 2023**, a Certificate of Occupancy from the Town for a minimum of

68,390 square feet of Retractable Technologies, Inc., manufacturing establishment space with related office space, located on the Real Property.”

- (d) **Amendment to Original Agreement.** That Section 6(c) of the Original Agreement is hereby amended to read as follows:

“(c) **Job Creation and Retention.** Owner covenants and agrees to maintain a minimum of one hundred forty-nine (149) Full-Time Equivalent Employment Positions working at the Real Property by **January 1, 2023.**”

SECTION 3. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Amendment:

- (a) **Amendments.** This Amendment constitutes the entire understanding and agreement of the parties as to the matters set forth in this Amendment. No alteration of or amendment to this Amendment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Amendment shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Denton County, Texas. Venue for any action arising under this Amendment shall lie in the state district courts of Denton County, Texas.
- (c) **Assignment.** Neither Party shall have the right to assign its rights and/or obligations under this Amendment, or any interest herein, without the prior written consent of the other Party.
- (d) **Binding Obligation.** This Amendment shall become a binding obligation on the signatories upon execution by all signatories hereto. Town warrants and represents that the individual executing this Amendment on behalf of Town has full authority to execute this Amendment and bind Town to the same. Owner warrants and represents that the individual executing this Amendment on Owner’s behalf has full authority to execute this Amendment and bind it to the same.
- (e) **Caption Headings.** Caption headings in this Amendment are for convenience purposes only and are not to be used to interpret or define the provisions of the Amendment.
- (f) **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- (g) **Effective Date.** The effective date (the “Effective Date”) of this Amendment shall be the date of the latter to execute this Amendment by the Town and Owner.
- (h) **Original Agreement and any Amendments.** All of the terms, conditions, and obligations

of the Original Agreement, and any amendments remain in full force and effect except where specifically modified by this Amendment.

- (i) **Severability.** The provisions of this Amendment are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Amendment is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation have the force and effect of the law, the remaining portions of the Amendment shall be enforced as if the invalid provision had never been included.
- (j) **Time is of the Essence.** Time is of the essence in the performance of this Amendment.

[The Remainder of this Page Intentionally Left Blank]

OWNER:

RETRACTABLE TECHNOLOGIES, INC.,
a Texas corporation

By: _____

Thomas J. Shaw, CEO & President

Date Signed: _____

STATE OF TEXAS

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§

COUNTY OF _____

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This instrument was acknowledged before me on the ____ day of _____, 2021, by Thomas J. Shaw, CEO and President of Retractable Technologies, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Texas