

TOWN OF LITTLE ELM, TEXAS

RESOLUTION NO. 0206202401

A RESOLUTION OF THE TOWN OF LITTLE ELM, TEXAS DETERMINING THE COSTS OF CERTAIN ADDITIONAL AUTHORIZED IMPROVEMENTS TO BE FINANCED BY THE SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT; APPROVING A PRELIMINARY SERVICE AND ASSESSMENT PLAN, INCLUDING A PROPOSED ASSESSMENT ROLL – ADDITIONAL AUTHORIZED IMPROVEMENTS; CALLING A REGULAR MEETING AND NOTICING A PUBLIC HEARING FOR *FEBRUARY 20, 2024* TO CONSIDER AN ORDINANCE LEVYING ASSESSMENTS ON PROPERTY LOCATED WITHIN THE SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT; DIRECTING THE FILING OF THE PROPOSED ASSESSMENT ROLL – ADDITIONAL AUTHORIZED IMPROVEMENTS WITH THE TOWN 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.

RECITALS

WHEREAS, the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “Act”) authorizes the governing body (the “Town Council”) of the Town of Little Elm, Texas (the “Town”) to create a public improvement district within the Town and within the extraterritorial jurisdiction of the Town (the “ETJ”); and

WHEREAS, on November 16, 2021, the Town Council conducted a public hearing to consider a petition received by the Town titled “Petition for the Creation of a Public Improvement District Within the Town of Little Elm, Texas for the Spiritas East Public Improvement District” requesting the creation of a public improvement district; and

WHEREAS, on November 16, 2021, the Town Council approved Resolution No. 1116202103 (the “Authorization Resolution”), authorizing, establishing, and creating the Spiritas Ranch Public Improvement District (the “District”); and

WHEREAS, the Town authorized the creation of the District and the issuance of up to \$5,000,000.00 in bonds for the District to finance certain public improvements authorized by the Act for the benefit of the property within the District (the “Authorized Improvements”); and

WHEREAS, the Town Council and the Town staff have been presented a “Spiritas East Public Improvement District Preliminary Service and Assessment Plan”, including a proposed assessment roll

attached thereto as Appendix H (the “Proposed Assessment Roll”), dated February 6, 2024 (collectively, the “Preliminary SAP”), a copy of which is attached hereto as **Exhibit A** and is incorporated herein for all purposes; and

WHEREAS, the Preliminary SAP sets forth the estimated total costs of certain Additional Authorized Improvements (as defined in the Preliminary SAP) to be financed by assessments levied against property within the District and the Proposed Assessment Roll states the assessments proposed to be levied against each parcel of land in the District as determined by the method of assessment chosen by the Town; and

WHEREAS, the Act requires that the Proposed Assessment Roll be filed with the Town Secretary of the Town (the “Town Secretary”) and be subject to public inspection; and

WHEREAS, the Act requires that a public hearing (the “Assessment Hearing”) be called to consider proposed assessments and requires the Town Council to hear and pass on any objections to the proposed assessments at, or on the adjournment of, the Assessment Hearing; and

WHEREAS, the Act requires that notice of the Assessment Hearing be mailed to property owners liable for assessment and published in a newspaper of general circulation in the Town and in the part of the Town’s ETJ in which the District is located or in which the Authorized Improvements are to be undertaken before the tenth (10th) day before the date of the Assessment Hearing.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS AS FOLLOWS:

SECTION 1. THAT the recitals set forth above in this Resolution are true and correct and are hereby adopted as findings of the Town Council and are incorporated into the body of this Resolution as if fully set forth herein.

SECTION 2. THAT the Town Council does hereby accept the Preliminary SAP for the District, including the Proposed Assessment Roll, a copy of which is attached hereto as **Exhibit A** and is incorporated herein for all purposes. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Preliminary SAP.

SECTION 3. THAT the Town Council hereby determines that the total costs of the Additional Authorized Improvements to be financed by the District are as set forth in Table IV-A.2 of the Preliminary SAP.

SECTION 4. THAT the Town Council's final determination and approval of the costs of the Additional Authorized Improvements, or any portion thereof, shall be subject to and contingent upon Town Council approval of a final Service and Assessment Plan which will include the final Assessment Roll, after the properly noticed and held Assessment Hearing.

SECTION 5. THAT the Proposed Assessment Roll states the assessment proposed to be levied against each parcel of land in the District as determined by the method of assessment chosen by the Town in the Authorization Resolution and as more fully described in the Preliminary SAP.

SECTION 6. THAT the Town Council hereby authorizes and directs the filing of the Proposed Assessment Roll with the Town Secretary and the same shall be available for public inspection.

SECTION 7. THAT the Town Council hereby authorizes, and calls, a meeting and a public hearing (the Assessment Hearing as defined above) to be held on *February 20, 2024 at or after 6:00 p.m. at Little Elm Town Hall, 100 W. Eldorado Pkwy, Little Elm, Texas 75068*, at which the Town Council shall, among other actions, hear and pass on any objections to the proposed assessments; and, upon the adjournment of the Assessment Hearing, the Town Council will consider ordinance levying the assessments as special assessments on property within the District that benefit from the Additional Authorized Improvements (which ordinance shall specify the method of payment of the assessments).

SECTION 8. THAT the Town Council hereby authorizes and directs the Town Secretary to publish notice of the Assessment Hearing to be held on *February 20, 2024*, in substantially the form attached hereto as **Exhibit B** and incorporated herein for all purposes, in a newspaper of general circulation in the Town and in the part of the Town's ETJ in which the District is located or in which the Authorized Improvements are to be undertaken, on or before February 8, 2024, which is before the tenth (10th) day before the date of the Assessment Hearing, as required by Section 372.016(b) of the Act.

SECTION 9. THAT when the Proposed Assessment Roll is filed with the Town Secretary, the Town Council hereby authorizes and directs the Town Secretary to mail to owners of property liable

for assessment notice of the Assessment Hearing to be held on *February 20, 2024*, on or before February 8, 2024, as required by Section 372.016(c) of the Act.

SECTION 10. THAT Town staff is authorized and directed to take such other actions as are required (including, but not limited to, notice of the public hearing as required by the Texas Open Meetings Act) to place the public hearing on the agenda for the *February 20, 2024* meeting of the Town Council.

SECTION 11. THAT this Resolution shall become effective from and after its date of passage in accordance with law.

[Remainder of page intentionally left blank; signatures follow]

PASSED AND APPROVED on this the 6th day of February, 2024.

ATTEST:

Curtis J. Cornelious, Mayor

Caitlan Biggs, Town Secretary

Matt Mueller, Town Manager

APPROVED AS TO FORM:

_____,
Robert Brown, Town Attorney

EXHIBIT A

PRELIMINARY SERVICE AND ASSESSMENT PLAN

SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT

TOWN OF LITTLE ELM, TEXAS

PRELIMINARY SERVICE AND ASSESSMENT PLAN

December 21, 2021 and updated for Additional Authorized
Improvements February 6, 2024

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT

PRELIMINARY SERVICE AND ASSESSMENT PLAN

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APPENDIX I – COMBINED PROJECTED ANNUAL INSTALLMENTS

I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On November 16, 2021 (the “Creation Date”) the Town Council (the “Town Council”) of the Town of Little Elm, Texas (the “Town”) passed and approved Resolution No. 1116202103 approving and authorizing the creation of the Spiritas East Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district (the “Authorized Improvements”), all of which is located within the Town.

The property in the PID is proposed to be developed as one phase, and the PID will finance public improvements as the property is developed. Assessments will be imposed on the property that receives a special benefit from the Authorized Improvement’s for the public improvements to be constructed.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. The Spiritas East Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

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 in this Service and Assessment Plan as Appendix G and Appendix H. The combined projected Annual Installments expected to be collected from the Assessed Property are included in this Service and Assessment Plan as Appendix I. The Assessments as shown on the Assessment Rolls are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a payment request in a form 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.

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 payment request in a form that has been reviewed and approved by the Town. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

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

“Additional Authorized Improvements” mean the Additional Authorized Improvements which only benefit the Assessed Property, which are described in Section III.B and funded pursuant to the Additional Authorized Improvements Reimbursement Agreement.

“Additional Authorized Improvements Reimbursement Agreement” means that certain Additional Authorized Improvements Reimbursement Agreement dated as of February 20, 2024 by and between the Town and the Developer in which the Developer agrees to fund certain Actual Costs of Additional Authorized Improvements and the Town agrees to reimburse the Developer with interest as permitted by the PID Act solely from Assessment Revenues collected in connection with the Additional Authorized Improvements, and in all instances, on a subordinate basis to the Series 2022 PID Bonds, for a portion of such Actual Costs funded by the Developer for Additional Authorized Improvements constructed and accepted by the Town for the benefit of the Assessed Property.

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

“Additional Interest Reserve” has the meaning set forth in Section V.F of this Service and Assessment Plan.

“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) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee 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 Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds or any other cost of issuance associated with the bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrator” means the employee or designee of the Town, identified in any indenture of trust relating to a series of Bonds or identified 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 Assessments including any applicable interest, as shown on the Assessment Rolls attached hereto as Appendix G and Appendix H, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Administrative Expenses, and (iii) the Additional Interest described in Section V.F. 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 any property that benefits from the Authorized Improvements within the PID on which Assessments have been imposed as shown in an Assessment Roll, as such Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to 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 and amounts collected to pay Administrative Expenses and interest on all Assessments.

“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 received by or on behalf of the Town from the collection of Assessments.

“Assessment Roll” or **“Assessment Rolls”** means collectively or separately, as applicable, the Assessment Rolls included in this Service and Assessment Plan as Appendix G and Appendix H, or any other Assessment Rolls in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update, as each may be updated, modified, or amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, acquired, constructed and installed in accordance with this Service and Assessment Plan, including the Initial Authorized Improvements and Additional Authorized Improvements, and any future updates and/or amendments.

“Authorized Improvement Costs” mean the Actual Costs or the Budgeted Costs, as applicable, of all or any portion of the Authorized Improvements, including the Initial Authorized Improvements and Additional Authorized Improvements, as shown in Appendix B.

“Bonds” mean any bonds, including the Series 2022 PID Bonds, issued in one or more series for financing the Initial Authorized Improvements and secured in whole or in part by the Assessment Revenues levied in connection with the Initial Authorized Improvements.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“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, which may be in segments or sections.

“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 MM Little Elm 43, LLC, a Texas limited liability company and its successors and assigns.

“Development Agreement” means that certain Spiritas East Development Agreement relating to the PID executed by and between the Developer and the Town effective November 16, 2021, as the same may be amended from time to time.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix F attached hereto.

“Homeowner Association” means a homeowners' association or property owners' association established for the benefit of property owners within the PID.

“Homeowner Association Property” means property within the PID owned by or irrevocably offered for dedication to, whether in fee simple or through an easement, a Homeowners' Association established for the benefit of a group of homeowners or property owners within the PID.

“Initial Authorized Improvements” mean the Initial Authorized Improvements which only benefit the Assessed Property, which are described in Section III.B and funded with the Series 2022 PID Bonds.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of the County.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the 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.

“Maximum Assessment Per Unit” means an Assessment per unit for each applicable Lot Type as follows:

Lot Type 1 (50 Ft Lot) - \$44,154.01

Lot Type 2 (40 Ft Lot) - \$31,790.89

“MSUD” means Mustang Special Utility District.

“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. 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 official public records for real property in Denton County.

“PID” has the meaning set forth in Section I.A. of this Service and Assessment Plan.

“PID Act” means Texas Local Government Code Chapter 372, 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 allowed by applicable law, reasonably expected to be incurred by or imposed upon the Town as a result of any prepayment of an Assessment.

“Public Property” means property, right of way and easements 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 or political subdivision, whether in fee simple or through an exclusive use easement.

“Series 2022 PID Bonds” mean those certain Town of Little Elm Texas, Special Assessment Revenue Bonds, Series 2022 (Spiritas East Public Improvement District) that are secured primarily by the Assessment Revenues levied in connection with the Initial Authorized Improvements.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“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 a Trust Indenture, including a substitute fiscal agent or trustee.

II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the Town and contains approximately 38.468 acres of land. A map of the property within the PID is shown on Appendix A and described in Appendix C to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 146 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan.

The property within the PID is proposed to be developed as follows:

Table II-A
Proposed Development within the PID

Proposed Development	Quantity	Measurement
Single-Family - 50 Ft	29	Units
Single-Family - 40 Ft	117	Units
Total	146	Units

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.

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

After analyzing the public improvement projects authorized by the PID Act, the Town has determined at this time to undertake only Authorized Improvements listed in Section III.B. on the following page and shown in the opinion of probable costs included as Appendix B and on the

diagrams included as Appendix D for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the Town and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND COSTS OF THE INITIAL AUTHORIZED IMPROVEMENTS AND THE ADDITIONAL AUTHORIZED IMPROVEMENTS

Initial Authorized Improvements

The descriptions of the Initial Authorized Improvements are presented below. The Budgeted Costs are shown in Table III-A and may be revised in an Annual Service Plan Update as needed.

A description of the Initial Authorized Improvements are as follows:

Roadway Improvements

The roadway improvements within the PID consist of the construction of road improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the Assessed Property. All roadway improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and maintained by the Town.

Water Improvements

The water improvements within the PID consist of construction and installation of a looped water main network, waterlines, mains, pipes, valves, and appurtenances, necessary for the portion of the water distribution system that will service the Assessed Property. The water improvements will be designed and constructed according to MSUD and Town standards and will be owned and operated by the MSUD.

Sanitary Sewer Improvements

The wastewater improvements within the PID consist of construction and installation of various sized gravity sewer lines, pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Assessed Property. The sanitary sewer improvements will be designed and constructed according to MSUD and Town standards and specifications and will be owned and operated by the MSUD.

Storm Drainage Improvements

The storm drainage improvements within the PID consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts, which benefit the 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 maintained by the Town.

Soft and Miscellaneous Costs

The soft and miscellaneous costs include costs related to designing, constructing, and installing the Initial Authorized Improvements including land planning and design, town fees, engineering, soil testing, survey, construction management, contingency, district formation costs, legal fees, consultant fees, and other similar costs.

Additional Authorized Improvements

The descriptions of the Additional Authorized Improvements are presented below. The Budgeted Costs are shown in Table III-A and may be revised in an Annual Service Plan Update as needed.

A description of the Additional Authorized Improvements are as follows:

Right-of Way

The Additional Authorized Improvements include internal right-of-way acquisition as provided by the project engineer.

Soft and Miscellaneous Costs

The soft and miscellaneous costs include costs related to designing, constructing, and installing the Additional Authorized Improvements including land planning and design, town fees, engineering, soil testing, survey, construction management, contingency, district formation costs, legal fees, consultant fees, and other similar costs.

The Budgeted Costs of the Authorized Improvements shown in Table III-A may be revised in Annual Service Plan Updates. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements (i.e., the improvements for the benefit of property within the PID). Additional details of the Authorized Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

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Table III-A
Budgeted Authorized Improvement Costs

Description	Initial Authorized Improvements	Additional Authorized Improvements	Total
Roadway improvements	\$1,777,602	\$0	\$1,777,602
Water improvements	\$422,136	\$0	\$422,136
Sanitary sewer improvements	\$644,200	\$0	\$644,200
Storm drainage improvements	\$681,241	\$0	\$681,241
Other soft and miscellaneous costs	\$760,499	\$34,500	\$794,999
ROW Acquisition	\$0	\$990,000	\$990,000
Total Authorized Improvements	\$4,285,678	\$1,024,500	\$5,310,178

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IV. SERVICE PLAN

A. PROJECTED 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. It is anticipated that the Initial Authorized Improvements will be completed and accepted by the City in the 1st quarter of 2024. It is anticipated that the Additional Authorized Improvements will be completed and accepted by the City in the 1st quarter of 2024.

The Budgeted Costs for the Initial Authorized Improvements plus costs related to the issuance of the Series 2022 PID Bonds and payment of expenses incurred in the establishment, administration and operation of the PID are \$5,294,907 as shown in Table IV-A.1.

The Budgeted Costs for the Additional Authorized Improvements are \$1,024,500 as shown in Table IV-A.2. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the Actual Costs of the Authorized Improvements, and updating any Assessment Roll. Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

Table IV-A.1 shows the projected sources and uses of funds for the Initial Authorized Improvements.

The Series 2022 PID Bonds shown in Table IV-A.1 were issued in 2022 and will be used to finance the Authorized Improvement Costs of the Initial Authorized Improvements.

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Table IV-A.1
Projected Sources and Uses – Initial Authorized Improvements

Sources of Funds	Total
Par amount	\$4,650,000
Plus: original issue discount	(\$19,098)
Other funding sources ⁽¹⁾	\$664,006
Total Sources	\$5,294,907
Uses of Funds	
<i>Initial Authorized Improvement⁽²⁾:</i>	
Roadway improvements	\$1,777,602
Water improvements	\$422,136
Sanitary sewer improvements	\$644,200
Storm drainage improvements	\$681,241
Other soft and miscellaneous costs	\$760,499
<i>Subtotal</i>	<i>\$4,285,678</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$265,150
Capitalized interest	\$286,562
Reserve fund	\$278,018
Administrative expense	\$40,000
Underwriter's discount	\$139,500
<i>Subtotal</i>	<i>1,009,229</i>
Total Uses	\$5,294,907

¹Funds were deposited by the developer at the time of the closing of the Series 2022 Bonds to complete the Initial Authorized Improvements and which will not be reimbursed to the developer.

²See Table III-A for details.

The Additional Authorized Improvements Reimbursement Agreement shown in Table IV-A.2, is anticipated to be executed in 2024 between the Town and the Developer to finance Authorized Improvement Costs of the Additional Authorized Improvements. The Town is not under any obligation to issue Bonds to replace or refinance the Additional Authorized Improvements Reimbursement Agreement.

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Table IV-A.2
Projected Sources and Uses – Additional Authorized Improvements

Sources of Funds	Additional Authorized Improvements Reimbursement Agreement
Par amount	\$350,000
Other funding sources ⁽¹⁾	\$674,500
Total Sources	\$1,024,500
Uses of Funds	
<i>Additional Authorized Improvements ⁽²⁾:</i>	
ROW Acquisition	\$990,000
<i>Subtotal Additional Authorized Improvements</i>	<i>\$990,000</i>
<i>Other soft and miscellaneous costs</i>	
<i>Soft and miscellaneous costs</i>	<i>\$34,500</i>
<i>Subtotal Other soft and miscellaneous costs</i>	<i>\$34,500</i>
Total Uses	\$1,024,500

¹See Table III-A for details.

B. PROJECTED FIVE -YEAR SERVICE PLAN

The annual projected costs and annual projected indebtedness for the Initial Authorized Improvements are shown in Table IV-B.1. 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-B.1

**Annual Projected Costs and Annual Projected Indebtedness
Initial Authorized Improvements**

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than PID Bonds⁽¹⁾	Projected Annual Installments
2022	\$5,294,907	\$4,650,000	\$664,006	\$0
2023	\$0	\$0	\$0	\$64,050
2024	\$0	\$0	\$0	\$342,611
2025	\$0	\$0	\$0	\$342,618
2026	\$0	\$0	\$0	\$343,530
2027	\$0	\$0	\$0	\$343,308
Total	\$5,294,907	\$4,650,000	\$664,006	\$1,436,117

¹Funds were deposited by the developer at the time of the closing of the Series 2022 Bonds to complete the Initial Authorized Improvements and which will not be reimbursed to the developer.

The annual projected costs shown in Table IV-B.1 are the annual expenditures relating to the Initial Authorized Improvements shown in Table III-A, the costs associated with creating the PID and costs of issuing the Series 2022 PID Bonds, including reserves shown in Table IV-A.1. The difference between the annual projected cost and the annual projected indebtedness, if any, represents an amount funded by the Developer.

The annual projected costs and annual projected indebtedness for the Additional Authorized Improvements are shown in Table IV-B.2. 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-B.2

**Annual Projected Costs and Annual Projected Indebtedness
Additional Authorized Improvements**

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than PID Bonds	Projected Annual Installments
2024	\$1,024,500	\$350,000	\$674,500	\$0
2025	\$0	\$0	\$0	\$47,845
2026	\$0	\$0	\$0	\$47,791
2027	\$0	\$0	\$0	\$47,746
2028	\$0	\$0	\$0	\$47,708
2029	\$0	\$0	\$0	\$48,679
2030	\$0	\$0	\$0	\$48,602
Total	\$1,024,500	\$350,000	\$674,500	\$288,372

The annual projected costs shown in Table IV-B.2 are the annual expenditures relating to the Additional Authorized Improvements shown in Table III-A. The difference between the annual projected cost and the annual projected indebtedness, if any, represents an amount funded by the Developer.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan, and each Annual Service Plan Update, include a copy of the Notice form (required by Section 5.014 of the Texas Property Code). The PID Assessment Notice is attached hereto as Appendix E 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.

For purposes of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Initial Authorized Improvements and Additional Authorized Improvements shall be allocated as described below:

1. The costs of the Initial Authorized Improvements and Additional Authorized 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 Initial Authorized Improvements and Additional Authorized Improvements. In determining the relative values of Parcels, the Town Council has taken into 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 prices provided by the Developer, (iv) the Initial Authorized Improvements and Additional Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the Initial Authorized Improvements and Additional Authorized Improvements.
3. The Assessed Property is classified into different Lot Types as described in Appendix F based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.

This section of this Service and Assessment Plan (i) describes the special benefit received by each Parcel within the Assessed Property as a result of the Initial Authorized Improvements and Additional Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be

levied on the Assessed Property, and (iii) establishes the methodologies by which the Town Council allocates and reallocates the special benefit of the Initial Authorized Improvements and Additional Authorized Improvements, to the Assessed Property in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to the Assessed Property 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.

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 and payment of costs incurred in the establishment of the PID, as applicable, shown in Table IV-A.1 and Table IV-A.2 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 or will acknowledge that the Authorized Improvements confer a special benefit on the Assessed Property and has consented or will consent 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 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 special 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 has or 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 each Assessment Ordinance; (ii) the Service and Assessment Plan and each 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 highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
4. Financing of the costs of the Authorized Improvements through the PID is determined to be the most beneficial means of providing for the Authorized Improvements and,
5. As a result, the special benefit to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ASSESSMENT METHODOLOGY

The costs of the Authorized Improvements 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 costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Authorized Improvements

For purpose of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Initial Authorized Improvements and Additional Authorized Improvements to be financed with the Series 2022 PID Bonds and the Additional Authorized Improvements Reimbursement Agreement, respectively, shall be allocated to the Assessed Property by spreading the entirety of each Assessment across the Parcels based on the estimated Equivalent Units anticipated to be developed on each Parcel within the PID.

Based on the Budgeted Costs of the Initial Authorized Improvements and Additional Authorized Improvements, as set forth in Table III-A, the Town Council has determined that the benefit to the Assessed Property of the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units of all Lots in the platted Parcel, as calculated and shown in Appendix F 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 PID is shown on the Assessment Roll, attached as Appendix G and Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

D. ASSESSMENTS

The Assessments have been or will be levied on each Parcel according to the Assessment Rolls, attached hereto as Appendix G and Appendix H. The Annual Installments of the Assessments will be collected at the time and in the amounts shown on the Assessment Rolls, subject to any revisions made during an Annual Service Plan Update. The combined projected Annual Installments expected to be collected from the Assessed Property is included in this Service and Assessment Plan as Appendix I.

See Appendix F for Assessment per unit, leverage, and estimated tax rate equivalent calculation details.

E. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The

Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Rolls, which may be revised based on actual costs incurred in Annual Service Plan Updates.

F. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for Assessments levied for the Initial Authorized Improvements may exceed the actual interest rate per annum paid on the related Series 2022 PID Bonds by no more than one half of one percent (0.50%) (the “Additional Interest”). The interest rate used to determine the Assessments levied for the Initial Authorized Improvements is one half of one percent (0.50%) per annum higher than the actual rate paid on the Series 2022 PID Bonds, with the Additional Interest Component of the Annual Installments allocated to fund a reserve to be used for paying interest associated with a prepayment and to offset any possible delinquency related costs (the “Additional Interest Reserve”). The Additional Interest Reserve shall be funded until it reaches 5.50% of the outstanding Series 2022 PID Bonds unless otherwise stipulated in the Series 2022 PID Bond documents. Once the Additional Interest Reserve is funded in full, the Town may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture. No Additional Interest will be collected on any portion of an Assessment which secures a reimbursement obligation, including the obligation created under the Additional Authorized Improvements Reimbursement Agreement, and not a series of Bonds.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE PID

The Assessment and Annual Installments for each Assessed Property located within the PID is shown on the Assessment Roll – Initial Authorized Improvements and Assessment Roll – Additional Authorized Improvements, attached as Appendix G and Appendix H, respectively, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from the Assessed Property in an amount sufficient to pay (i) principal and interest on the Series 2022 PID Bonds, (ii) principal and interest on the Additional Authorized Improvements Reimbursement Agreement, (iii) to fund the Additional Interest Reserve described in Section V, related to the Series 2022 PID Bonds, and (iv) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel in the PID shall be calculated by taking into consideration any available capitalized interest applicable to the Parcel.

B. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, 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 total Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated total Equivalent units to be built on all of the new subdivided Parcels

The calculation of the estimated 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.

C. 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 unit on a Parcel exceeds the applicable Maximum Assessment Per Unit shown 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.

D. REDUCTION OF ASSESSMENTS

1. If after all Initial Authorized Improvements and Additional Authorized Improvements to be funded with a series of the Series 2022 PID Bonds and/or the Additional Authorized Improvements Reimbursement Agreement, respectively, have been completed and Actual Costs for such Initial Authorized Improvements and Additional Authorized Improvements are less than the Budgeted Costs of the Initial Authorized Improvements and Additional Authorized Improvements used to calculate the Assessments securing such Series 2022 PID Bonds and/or the Additional Authorized Improvements Reimbursement Agreement, respectively, resulting in excess Series 2022 PID Bond proceeds being available to redeem Series 2022 PID Bonds and/or a need to reduce the obligation under the Additional Authorized

Improvements Reimbursement Agreement, as the case may be, and such excess Series 2022 PID Bond proceeds shall be applied to redeem Series 2022 PID Bonds as provided in the Indenture, or to reduce the obligation under the Additional Authorized Improvements Reimbursement Agreement, as provided in the Additional Authorized Improvement Reimbursement Agreement, then the Assessment securing such Series 2022 PID Bonds and/or Additional Authorized Improvements Reimbursement Agreement, for each Parcel of Assessed Property shall be reduced by the Town Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding Series 2022 PID Bonds and/or obligation under the Additional Authorized Improvements Reimbursement Agreement, respectively. If all of the Initial Authorized Improvements and Additional 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 Initial Authorized Improvements and Additional Authorized Improvements completed.

2. If all the Initial Authorized Improvements and Additional Authorized Improvements are not undertaken, resulting in excess Series 2022 PID Bond proceeds being available to redeem Series 2022 PID Bonds and/or a need to reduce the obligations under the Additional Authorized Improvements Reimbursement Agreement, respectively, 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 Series 2022 PID Bonds and/or repay obligations under the Additional Authorized Improvements Reimbursement Agreement, respectively, including interest on the Bonds and Administrative Expenses, and, in such event, any such excess bond proceeds shall be applied to redeem Series 2022 PID Bonds. The Town Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Initial Authorized Improvements and Additional Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of 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 Series 2022 PID Bonds and/or repay obligations under the Additional Authorized Improvements Reimbursement Agreement, respectively, including interest on the Bonds thereon 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 Series 2022 PID Bonds and/or obligations under the Additional Authorized Improvements Reimbursement Agreement, respectively, is equal to the outstanding principal amount of the Bonds and/or the amounts outstanding under the Additional Authorized Improvements Reimbursement Agreement, respectively.

E. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of

Bonds and reserve funds applied to the redemption under the Trust 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 Trust Indenture and/or account of the Additional Authorized Improvements Reimbursement Agreement, respectively; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate. For purposes of Prepayments of the Assessments levied against the Additional Authorized Improvements, the obligation created under the Additional Authorized Improvements Reimbursement Agreement is and will remain subordinated to the portion of the Series 2022 PID Bonds.
- (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 Rolls 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 PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the 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 Assessment Rolls, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest Reserve. Payment of the Annual Installments to be collected in connection with the Initial Authorized Improvements shall commence with tax bills mailed after the issuance of the Bonds. Payment of Annual Installments to be collected in connection with the Additional Authorized Improvements shall commence with the tax bills mailed in or about September of 2024.

Initial Authorized Improvements

Each Assessment levied against the Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Series 2022 PID Bonds and Additional Interest; the Assessment Roll – Initial Authorized Improvements sets forth for each year the Annual Installment for each parcel based on an interest rate of 3.25% for years 1 through 6 (2022-2027), 3.50% for years 7 through 11 (2028-2032), 3.75% for years 12 through 21 (2033-2042), and 4.00% for years 22 through 30 (2043-2051) on the Series 2022 PID Bonds and Additional Interest at the rate of 0.5% for the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Roll – Initial Authorized Improvements, as shown in Appendix G.

The Annual Installments shall be reduced to equal the Actual Costs of repaying the Series 2022 PID 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 Series 2022 PID Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the 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.

Additional Authorized Improvements

Each Assessment levied against the Assessed Property for the Additional Authorized Improvements shall be paid with an estimated interest rate of no more than the actual interest rate paid on the Additional Authorized Improvements Reimbursement Agreement. Interest on the Additional Authorized Improvements Reimbursement Agreement shall be paid based on an estimated interest rate of 5.67% per annum for years 1 through 5 and 5.67% per annum following the fifth Annual Installment. The interest on the Additional Authorized Improvements Reimbursement Agreement shall be paid at a rate not to exceed five hundred basis points (5.00%) above the highest average index rate for tax-exempt bond reported in a daily or weekly bond index approved by the Town and reported in the month prior to the establishment of the Assessments securing such portion of the Additional Authorized Improvements Reimbursement Agreement and continuing for a period of five years from such date. Such rate shall then adjust and shall not exceed two hundred basis points (2.00%) above the bond index rate described above and shall continue until the Assessments are paid in full. The index approved by the Town is the *Bond Buyer Index* for which the highest average rate during the previous thirty days prior to the levy of Assessments on the Assessed Property securing the Additional Authorized Improvements Reimbursement Agreement was 3.67%. The Town has determined that the Additional Authorized Improvements Reimbursement Agreement shall bear interest at the estimated interest rate of 5.67% per annum for years 1 through 5 and 5.67% per annum following the fifth Annual Installment, which rates are equal to or less than the initial maximum allowable rate of interest of 8.67% for years 1 through 5 and equal to the maximum allowable rate of interest following the fifth Annual Installment, which would be 5.67%. Furthermore, the Annual Installments of the Assessments levied against the Assessed Property for the Additional Authorized Improvements may not exceed the amounts shown on the Assessment Roll – Additional Authorized Improvements. The Assessment Roll – Additional Authorized Improvements, is shown as Appendix H.

The Annual Installments shall be reduced to equal the Actual Costs of repaying the Additional Authorized Improvements Reimbursement Agreement 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.

F. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the Town Council shall consider, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include 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, including capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and including any existing deposits to 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 Act.

Any sale of Assessed Property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed 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 Assessed Property as they become due and payable.

Initial Authorized Improvements

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the initial Annual Installments relating to the Initial Authorized Improvements that benefit the Assessed Property will be due when billed, and will be delinquent if not paid prior to the first February 1 following the earlier of (i) the recording of a final subdivision plat in the official public records of the County for the Assessed Property, (ii) upon issuance of the Series 2022 PID Bonds, or (iii) the second anniversary of the date of levy of the Assessment.

Additional Authorized Improvements

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the initial Annual Installments relating to the Additional Authorized Improvements that benefit the Assessed Property will be due when billed, and will be delinquent if not paid prior to the first February 1 following the earlier of (i) the recording of a final subdivision plat in the official public records of the County for the Assessed Property, (ii) upon issuance of the Bonds, if any, or (iii) September 1, 2024.

VII. THE ASSESSMENT ROLL

A. ASSESSMENT ROLL – INITIAL AUTHORIZED IMPROVEMENTS

The Town Council has evaluated each Parcel in the PID based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of Initial Authorized Improvements, and other development factors deemed relevant by the Town Council to determine the amount of Assessed Property within the PID.

The Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Initial Authorized Improvements. Table VII-A summarizes the \$5,314,006 in special benefit received by the Assessed Property from the Initial Authorized Improvements, including costs of PID formation and the Series 2022 PID Bonds issuance costs. The par amount of the Series 2022 PID Bonds is \$4,650,000 which is less than the benefit received by the Assessed Property. Accordingly, the total Assessment to be applied to all the Assessed Property is \$4,650,000, plus the Additional Interest Component and annual Administrative Expenses. The Assessment for each Assessed Property is calculated based on the allocation methodologies described in Section V.C. The Assessment Roll – Initial Authorized Improvements is attached hereto as Appendix G.

Table VII-A
Special Benefit Summary – Initial Authorized Improvements

Special Benefit	Total Cost
Total Initial Authorized Improvements ⁽¹⁾	\$4,285,678
Plus: original issue discount	\$19,098
Subtotal	\$4,304,776
<u>Bond Issuance Costs:</u>	
Cost of issuance	\$265,150
Capitalized interest	\$286,562
Reserve fund	\$278,018
Administrative expense	\$40,000
Underwriter's discount	\$139,500
Subtotal Bond Issuance Costs	\$1,009,229
Total Special Benefit	\$5,314,006
<u>Special Benefit:</u>	
Total Special Benefit	\$5,314,006
Projected Special Assessment	\$4,650,000
Excess Benefit	\$664,006

⁽¹⁾See Table III-A for details.

B. ASSESSMENT ROLL – ADDITIONAL AUTHORIZED IMPROVEMENTS

The Town Council has evaluated each Parcel in the PID based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of Additional Authorized Improvements, and other development factors deemed relevant by the Town Council to determine the amount of Assessed Property within the PID.

The Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Additional Authorized Improvements. Table VII-B summarizes the \$1,024,500 in special benefit received by the Assessed Property from the Additional Authorized Improvements. The Assessment levied under the Additional Authorized Improvements Reimbursement Agreement is \$350,000 which is less than the benefit received by the Assessed Property. Accordingly, the total Assessment to be applied to all the Assessed Property is \$350,000, plus the annual Administrative Expenses. The Assessment for each Assessed Property is calculated based on the allocation methodologies described in Section V.C. The Assessment Roll – Additional Authorized Improvements is attached hereto as Appendix H.

Table VII-B
Special Benefit Summary – Additional Authorized Improvements

Special Benefit	Total Cost
Total Additional Authorized Improvements ⁽¹⁾	\$990,000
<u>Other soft and miscellaneous costs</u>	
Soft and miscellaneous costs	\$34,500
Total Special Benefit	\$1,024,500
<u>Special Benefit:</u>	
Total Special Benefit	\$1,024,500
Projected Special Assessment	\$350,000
Excess Benefit	\$674,500

⁽¹⁾See Table III-A for details.

C. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the Town Council for approval, annual updates to the Assessment Roll – Initial Authorized Improvements and Assessment Roll – Additional Authorized Improvements 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 PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan and 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.E. of this Service and Assessment Plan.

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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 thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the 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 PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to an 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 PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:

(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; (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, and (iv) as may be required by the Attorney General of Texas in connection with the issuance of any series of Bonds.

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 the 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

S:\2019\2019017-E Spiritas Ranch East\CAD\EXHIBITS\201901700LP32cSpiritasEastPID10272021.dwg Nov 10, 2021 - 10:01 am - chancock



Spiritas East Ranch Concept Plan 2		
DATA TABLE		
Gross Site Area:	43+/-	
Residential Product Type:	Total	
 40'x 130' Lot (Courtyard Lots)	28	
 40'x 115' Lot	89	
 50'x 370'(avg) Lot	29	
Total Lots	146	

APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS

COMMUNITY NAME: Spiritas Ranch		GROSS ACREAGE:	43.9
PHASES: East		NET ACREAGE:	28.9
CITY OR TOWN: Town of Little Elm, Denton County		TOTAL LOTS:	146
		TOTAL DENSITY:	5.05
		LANDPLAN:	2
		CREATED BY:	CH
		REVIEWED BY:	AB
		CREATED:	05/21/21
		REVISED:	01/19/24
Direct Phase Costs		EAST PHASE	
	Lot Count	146	
1 Engineering		\$	266,209
2 Grading Site Preparation		\$	-
3 Water		\$	261,136
4 Sanitary Sewer		\$	494,200
5 Storm Drain		\$	561,241
6 Street Improvements		\$	1,087,602
7 Screening/Landscape Walls			
8 Ret Walls			
9 Dry Utilities			
10 Contingency 0%		\$	-
11 N/A			
	Total	\$	2,670,387
	Cost per Lot	\$	18,290
Major Improvements Costs		EAST PHASE	
	Lot Count	146	
1 Engineering		\$	219,290
2 Grading Site Preparation		\$	-
3 Water		\$	161,000
4 Sanitary Sewer		\$	150,000
5 Storm Drain		\$	120,000
6 Street Improvements - Turn Lanes		\$	690,000
7 Screening/Landscape Walls			
8 Dry Utilities			
9 Common Area Amenities & Trails		\$	168,939
10 Contingency 0%		\$	-
11 District Formation Costs		\$	275,000
12 ROW Acreage ⁵		\$	990,000
	Total	\$	2,774,230
	Cost per Lot	\$	19,002
		PID TOTALS	\$ 5,444,618
		PID per lot	\$ 37,292
Private Costs		EAST PHASE	
	Lot Count	146	
1 Engineering		\$	214,324
2 Grading Site Preparation		\$	885,229
3 Water			
4 Sanitary Sewer			
5 Storm Drain			
6 Street Improvements			
7 Screening/Landscape Walls		\$	280,000
8 Ret Walls		\$	405,250
9 Dry Utilities		\$	146,000
10 Contingency 10%		\$	193,080
11 N/A			
	Total	\$	2,123,883
	Cost per Lot	\$	14,547
		GRAND TOTALS	\$ 7,568,500
		GRAND TOTAL per lot	\$ 51,839
		40' Cottage Lots	28
		40' Lots	89
		50' Lots	29
		Total Lots	146

THIS OPINION OF PROBABLE COST WAS PREPARED BASED ON BEST AVAILABLE INFORMATION AND SHOULD BE USED FOR PROJECT

NOTES

¹ Development cost does not include: City/District/County Fees, Bonds, & Permits

² Development cost does not include: Rock Excavation

³ Professional Fees do not include: SWPPP Administration

⁴ Unit costs in this OPC were provided to Barraza Consulting Group, LLC by RES

⁵ Includes all ROW in Spiritas East

APPENDIX C
LEGAL DESCRIPTION

DESCRIPTION
38.468 ACRE TRACT

BEING that certain tract of land situated in the Marsella Jones Survey, Abstract No. 662, in the Town of Little Elm, Denton County, Texas, and being part of that certain tract of land described in deed to Robert G. Penley recorded in Volume 623, Page 106, of the Real Property Records of Denton County, Texas (RPRDCT), and part of that certain tract of land described in deed to Robert G. Penley and Faith Penley recorded in Volume 2210, Page 648, RPRDCT, and being more particularly described by metes and bounds as follows:

BEGINNING at a Army Corps of Engineers monument found at the northeast corner of said Robert G. Penley tract recorded in Volume 623, Page 106, RPRDCT, said monument being located on the south right-of-way line of US Highway 380 (a variable-width right-of-way), and also being located on the west "take line" of Lake Lewisville;

THENCE with said west "take line", the following courses to Army Corps of Engineers monuments found:

South 27°07'16" West, a distance of 875.52 feet;

South 40°18'51" West, a distance of 544.09 feet;

South 09°54'29" East, a distance of 217.10 feet;

South 57°22'24" West, a distance of 298.04 feet;

North 82°50'29" West, a distance of 641.93 feet;

North 05°25'44" East, a distance of 396.40 feet;

And South 42°17'36" West, a distance of 385.19 feet, said monument being located on the east line of that certain tract of land described in deed to MM Little Elm 548, LLC recorded in Instrument No. 2020-123025, RPRDCT;

THENCE with said east line, the following courses:

North 05°42'19" East, a distance of 621.88 feet to a 5/8" iron rod found;

And South 88°08'15" East, a distance of 170.04 feet to a 5/8" capped iron rod found;

THENCE North 03°11'21" East, continuing with said east line of the MM Little Elm 548, LLC tract, and the east line of that certain tract of land described in deed to Spiritas Ranch Enterprises recorded in Volume 2737, Page 126, RPRDCT, a distance of 653.60 feet;

THENCE departing said east line of the Spiritas Ranch Enterprises tract, and over and across said Robert G. Penley tract recorded in Volume 623, Page 106, RPRDCT, the following courses:

South 84°22'49" East, a distance of 502.60 feet;

And North 05°15'54" East, a distance of 200.74 feet to a point located in said south right-of-way line of US Highway 380;

THENCE South 84°36'22" East, with said south right-of-way line of US Highway 380, a distance of 80.00 feet;

THENCE departing said south right-of-way line of US Highway 380, the following courses:

South 05°15'54" West, a distance of 201.00 feet;

South 87°10'23" East, a distance of 514.31 feet;

And North 01°53'44" East, a distance of 209.31 feet to a point located on said south right-of-way line of US Highway 380;

THENCE South 88°16'39" East with said south right-of-way line of US Highway 380, a distance of 50.00 feet;

THENCE departing said south right-of-way line of US Highway 380, and over and across said Robert G. Penley tract recorded in Volume 623, Page 106, RPRDCT, the following courses:

South 01°53'44" West, a distance of 210.27 feet;

South 87°10'23" East, a distance of 52.86 feet;

North 41°38'43" East, a distance of 60.89 feet;

North 41°48'16" East, a distance of 45.80 feet;

North 43°25'46" East, a distance of 25.15 feet;

North 51°51'09" East, a distance of 24.67 feet;

North 54°02'19" East, a distance of 12.14 feet;

North 48°36'19" East, a distance of 10.43 feet;

North 37°47'16" East, a distance of 9.58 feet;

North 15°43'13" East, a distance of 5.97 feet;

North 12°02'26" East, a distance of 10.27 feet;

North 00°46'57" West, a distance of 14.90 feet;

North 11°51'34" West, a distance of 38.07 feet;

And North 14°47'27" West, a distance of 5.08 feet to a point located in said south right-of-way line of US Highway 380;

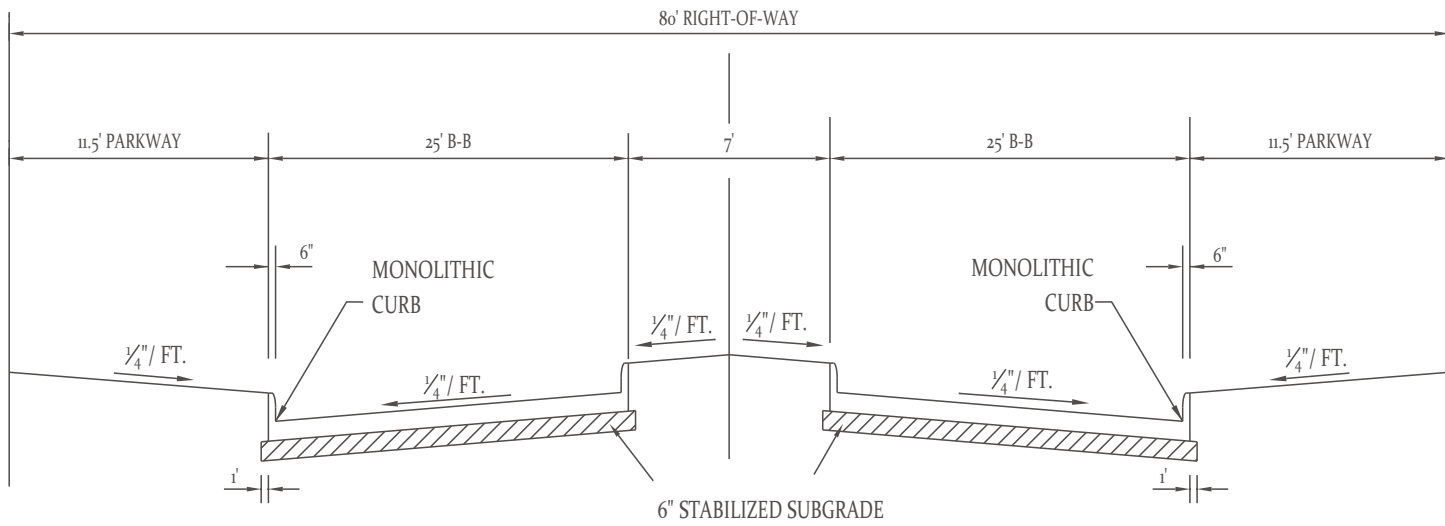
THENCE South 88°16'39" East with said south right-of-way line of US Highway 380, a distance of 233.52 feet to the POINT OF BEGINNING, containing an area of 38.468 acres of land.

NOTES:

The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 ~ North Central Zone No. 4202 - NAD 83. (All distances are surface distances with a surface to grid scale factor of 0.999849393).

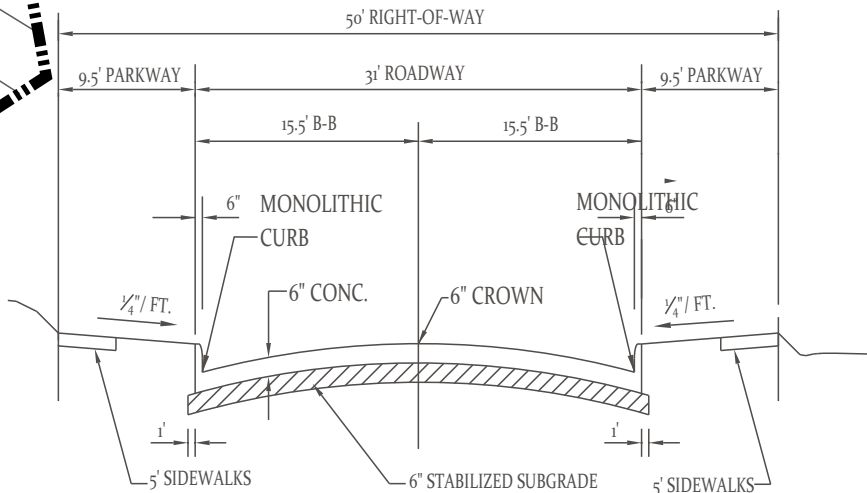
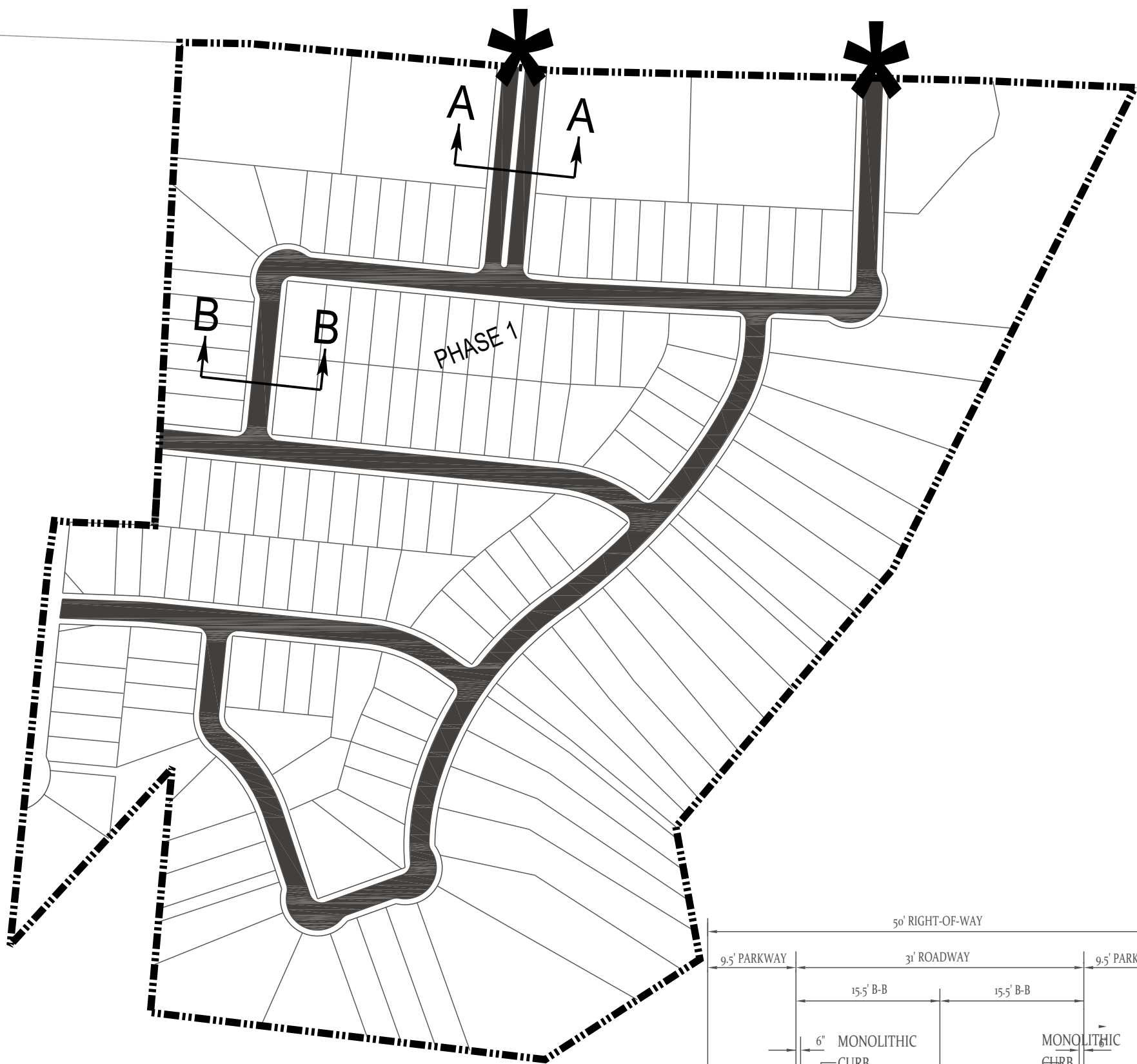
This document was prepared under 22 TAC Â§663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

APPENDIX D
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



A-A ROADWAY PAVING SECTION
SCALE: NTS

US HIGHWAY 380



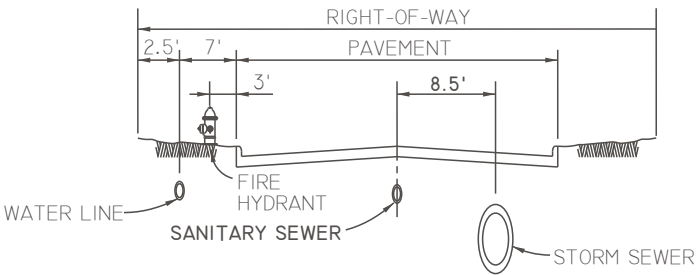
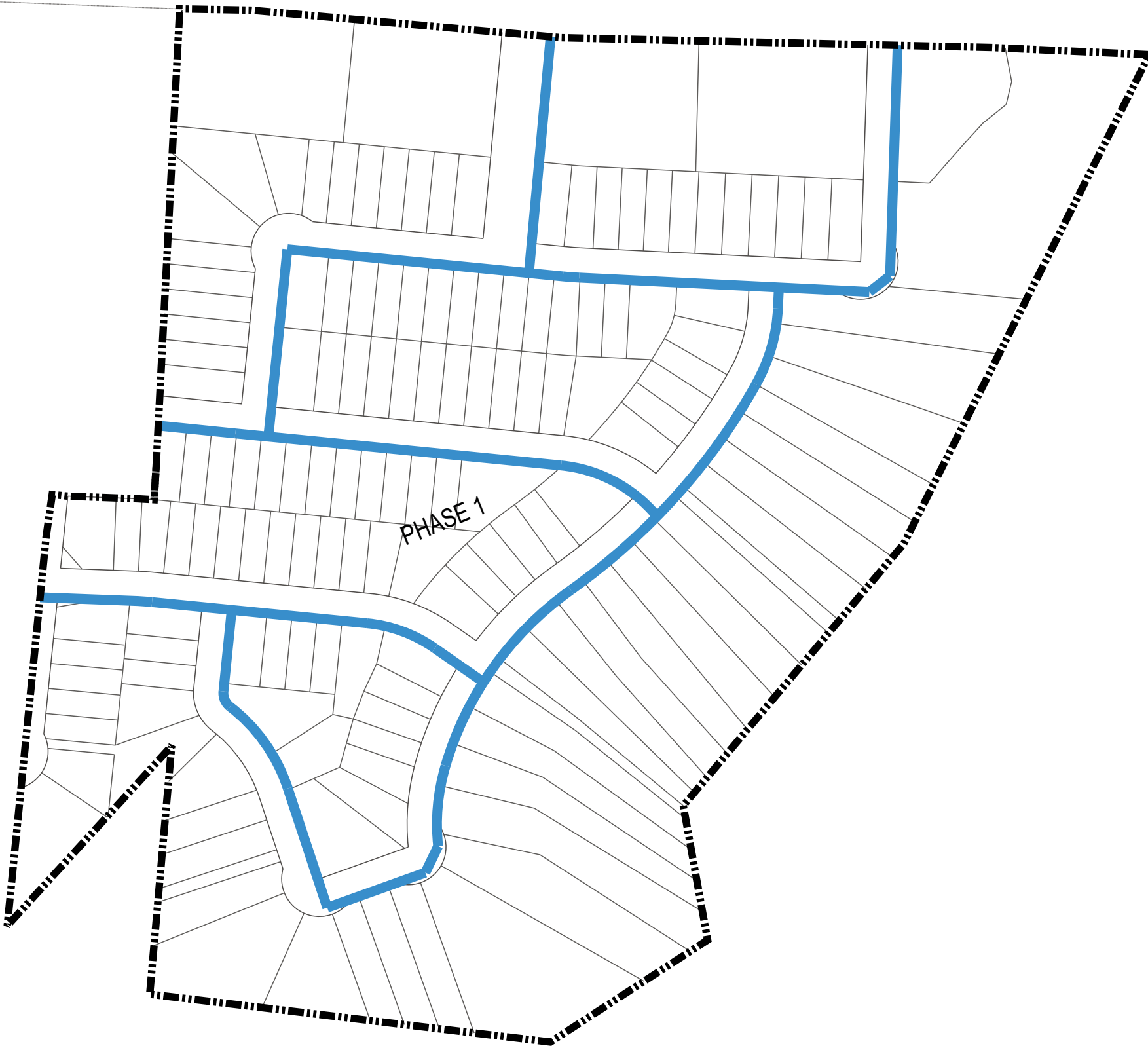
TYPICAL 31' B-B ROADWAY PAVING SECTION
SCALE: NTS



PROPOSED TURN-LANE LOCATIONS

ROADWAY IMPROVEMENTS
SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT
TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS

US HIGHWAY 380



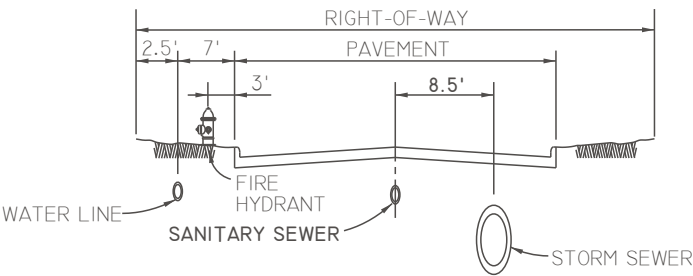
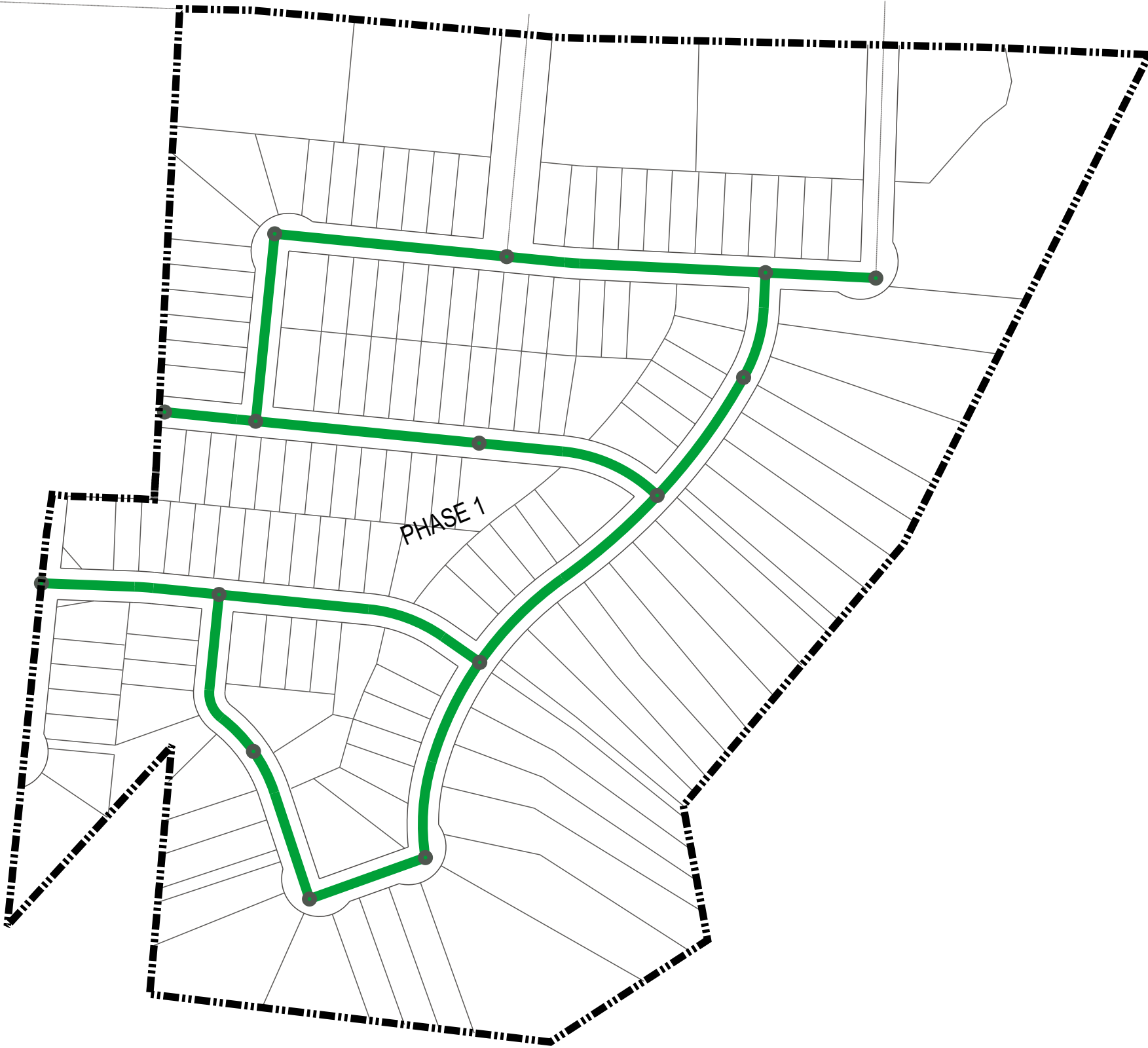
TYPICAL WATER LOCATION
N.T.S.

8" WATER LINE

NOTE:
MAJOR WATER IMPROVEMENTS CONSIST OF 12" WATER TO
SPIRITAS RANCH.

WATER IMPROVEMENTS
SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT
TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS

US HIGHWAY 380



TYPICAL SEWER LOCATION
N.T.S.

SEWER LINE

NOTE:
MAJOR SEWER IMPROVEMENTS CONSIST OF UPGRADING SPIRITAS
RANCH LIFT STATION.

SEWER IMPROVEMENTS
SPIRITAS EAST PUBLIC IMPROVEMENT DISTRICT
TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS

APPENDIX E
PID ASSESSMENT NOTICE

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 ***Spiritas East 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 F
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix F

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of two Lot Types.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 50 feet.

“**Lot Type 2**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 40 feet.

A) Proposed Development

Table F-1 shows the proposed residential units to be developed within the PID.

Table F-1
Proposed Development within the PID

Description	Proposed Development	
Lot Type 1 (50 Ft)	29	Units
Lot Type 2 (40 Ft)	117	Units
Total	146	Units

B) Calculation of Equivalent Units

As explained under Section V, for purpose of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the Bonds shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this 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., 50 Ft lots, 40 Ft lots, 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 based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications (from Lot Type 1 (50 Ft Lots) representing the highest value to Lot Type 2 (40 Ft Lot) representing the lowest value for residential lots are set forth in Table F-2. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio

of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (50 Ft Lots) to 1.0.

Table F-2
Equivalent Unit Factors

Lot Type	Estimated Average Value	Equivalent Unit Factor	
Lot Type 1 (50 Ft)	\$500,000	1.00	per dwelling unit
Lot Type 2 (40 Ft)	\$360,000	0.72	per dwelling unit

The total Equivalent Units for the PID are shown in Table F-3 as calculated based on the Equivalent Unit factors shown in Table F-2, estimated Lot Types and number of units estimated to be built within the PID.

Table F-3
Equivalent Units- PID

Description	Planned No. of Units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (50 Ft)	29	1.00	29.00
Lot Type 2 (40 Ft)	117	0.72	84.24
Total	146		113.24

C) Allocation of Assessments to Lots within the PID – Initial Authorized Improvements

The total amount of the Series 2022 PID Bonds, which represents the total initial Assessment to be allocated on all Parcels within the PID, is \$4,650,000. As shown in Table F-3, there are a total of 113.24 Equivalent Units resulting in an Assessment per Unit of \$41,063.23 (i.e., \$4,650,000 ÷ 113.24 = \$41,063.23).

Table F-4 sets forth the initial Assessment per dwelling unit within the PID.

Table F-4
Assessment Per Unit – Initial Authorized Improvements

Description	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1 (50 Ft)	29	\$41,063.23	1.00	\$41,063.23 per dwelling unit	\$1,190,834
Lot Type 2 (40 Ft)	117	\$41,063.23	0.72	\$29,565.52 per dwelling unit	\$3,459,166
Total	146				\$4,650,000

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table F-5.

Table F-5
Projected Leverage – Initial Authorized Improvements

Description	Planned No. of Units/1,000 GSF	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$41,063.23	3.17	12.18
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$29,565.52	2.71	12.18

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 F-6.

Table F-6
Estimated Tax Rate Equivalent per unit – Initial Authorized Improvements

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$3,030.34	\$2.33	\$0.6061
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$2,181.85	\$2.73	\$0.6061

The Assessment and Annual Installments for each Parcel or Lot located within the PID, related to the Initial Authorized Improvements is shown on the Assessment Roll – Initial Authorized Improvements, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

D) Allocation of Assessments to Lots within the PID – Additional Authorized Improvements

The total amount of the Additional Authorized Improvements Reimbursement Agreement, which represents the total additional Assessment to be allocated on all Parcels within the PID, is \$350,000. As shown in Table F-7, there are a total of 113.24 Equivalent Units resulting in an Assessment per Unit of \$3,090.78 (i.e., $\$350,000 \div 113.24 = \$3,090.78$).

Table F-7 sets forth the additional Assessment per dwelling unit within the PID.

Table F-7
Assessment Per Unit – Additional Authorized Improvements

Description	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1 (50 Ft)	29	\$3,090.78	1.00	\$3,090.78 per dwelling unit	\$89,633
Lot Type 2 (40 Ft)	117	\$3,090.78	0.72	\$2,225.36 per dwelling unit	\$260,367
Total	146				\$350,000

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table F-8.

Table F-8
Projected Leverage – Additional Authorized Improvements

Description	Planned No. of Units/1,000 GSF	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$3,090.78	42.06	161.77
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$2,225.36	35.95	161.77

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 F-9.

Table F-9
Estimated Tax Rate Equivalent per unit – Additional Authorized Improvements

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$408	\$0.31	\$0.0815
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$293	\$0.37	\$0.0815

The Assessment and Annual Installments for each Parcel or Lot located within the PID, related to the Additional Authorized Improvements is shown on the Assessment Roll – Additional Authorized Improvements, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

E) Allocation of Assessments to Lots within the PID – Combined

The total amount of the Series 2022 PID Bonds and Additional Authorized Improvements Reimbursement Agreement, which represents the total Assessment to be allocated on all Parcels within the PID, is \$5,000,000. As shown in Table F-7, there are a total of 113.24 Equivalent Units resulting in an Assessment per Unit of \$44,154.01 (i.e., $\$5,000,000 \div 113.24 = \$44,154.01$).

Table F-10 sets forth the total Assessment per dwelling unit within the PID.

Table F-10
Assessment Per Unit – Combined

Description	Planned No. of Units	Assessment per Unit (Initial Authorized Improvements)	Assessment per Unit (Additional Authorized Improvements)	Combined Assessment Per Unit	Total Assessments
Lot Type 1 (50 Ft)	29	\$41,063.23	3,090.78	\$44,154.01	\$1,280,466
Lot Type 2 (40 Ft)	117	\$29,565.52	2,225.36	\$31,790.89	\$3,719,534
Total	146				\$5,000,000

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table F-11.

Table F-11
Projected Leverage – Combined

Description	Planned No. of Units/1,000 GSF	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$44,154.01	2.94	11.32
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$31,790.89	2.52	11.32

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 F-12.

Table F-12
Estimated Tax Rate Equivalent per unit – Combined

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (50 Ft)	29	\$130,000	\$500,000	\$3,438	\$2.64	\$0.6876
Lot Type 2 (40 Ft)	117	\$80,000	\$360,000	\$2,475	\$3.09	\$0.6876

The Annual Installments for each Parcel or Lot located within the PID is shown on Appendix I – Combined Projected Annual Installments, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

APPENDIX G
ASSESSMENT ROLL – AUTHORIZED IMPROVEMENTS

Appendix G-1
Assessment Roll – Initial Authorized Improvements

Parcel
Equivalent Units
Assessment

All Parcels
113.24
\$4,650,000

Year	Principal	Interest ⁽¹⁾	Administrative Expenses ⁽²⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/30/22	\$0	\$110,817	\$0	\$0	(\$110,817)	\$0
9/30/23	\$0	\$175,745	\$40,800	\$23,250	(\$175,745)	\$64,050
9/30/24	\$102,000	\$175,745	\$41,616	\$23,250	\$0	\$342,611
9/30/25	\$105,000	\$172,430	\$42,448	\$22,740	\$0	\$342,618
9/30/26	\$109,000	\$169,018	\$43,297	\$22,215	\$0	\$343,530
9/30/27	\$112,000	\$165,475	\$44,163	\$21,670	\$0	\$343,308
9/30/28	\$115,000	\$161,835	\$45,047	\$21,110	\$0	\$342,992
9/30/29	\$119,000	\$157,810	\$45,947	\$20,535	\$0	\$343,292
9/30/30	\$123,000	\$153,645	\$46,866	\$19,940	\$0	\$343,451
9/30/31	\$127,000	\$149,340	\$47,804	\$19,325	\$0	\$343,469
9/30/32	\$131,000	\$144,895	\$48,760	\$18,690	\$0	\$343,345
9/30/33	\$135,000	\$140,310	\$49,735	\$18,035	\$0	\$343,080
9/30/34	\$140,000	\$135,248	\$50,730	\$17,360	\$0	\$343,337
9/30/35	\$145,000	\$129,998	\$51,744	\$16,660	\$0	\$343,402
9/30/36	\$150,000	\$124,560	\$52,779	\$15,935	\$0	\$343,274
9/30/37	\$155,000	\$118,935	\$53,835	\$15,185	\$0	\$342,955
9/30/38	\$161,000	\$113,123	\$54,911	\$14,410	\$0	\$343,444
9/30/39	\$166,000	\$107,085	\$56,010	\$13,605	\$0	\$342,700
9/30/40	\$172,000	\$100,860	\$57,130	\$12,775	\$0	\$342,765
9/30/41	\$179,000	\$94,410	\$58,272	\$11,915	\$0	\$343,597
9/30/42	\$185,000	\$87,698	\$59,438	\$11,020	\$0	\$343,155
9/30/43	\$192,000	\$80,760	\$60,627	\$10,095	\$0	\$343,482
9/30/44	\$199,000	\$73,080	\$61,839	\$9,135	\$0	\$343,054
9/30/45	\$207,000	\$65,120	\$63,076	\$8,140	\$0	\$343,336
9/30/46	\$215,000	\$56,840	\$64,337	\$7,105	\$0	\$343,282
9/30/47	\$223,000	\$48,240	\$65,624	\$6,030	\$0	\$342,894
9/30/48	\$232,000	\$39,320	\$66,937	\$4,915	\$0	\$343,172
9/30/49	\$241,000	\$30,040	\$68,275	\$3,755	\$0	\$343,070
9/30/50	\$250,000	\$20,400	\$69,641	\$2,550	\$0	\$342,591
9/30/51	\$260,000	\$10,400	\$71,034	\$1,300	\$0	\$342,734
Total	\$4,650,000	\$3,313,179	\$1,582,723	\$412,650	(\$286,562)	\$9,671,991

¹Annual Installments are calculated using an interest rate of 3.25% for years 1 through 6 (2022-2027), 3.50% for years 7 through 11 (2028-2032), 3.75% for years 12 through 21 (2033-2042), and 4.00% for years 22 through 30 (2043-2051) on the Series 2022 PID Bonds.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

Appendix G-2
Assessment Roll by Lot Type

Parcel
Equivalent Units
Assessment

Lot Type 1 (50 Ft)
\$41,063.23
1.00

Year	Principal	Interest ⁽¹⁾	Administrative Expenses ⁽²⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/30/22	\$0	\$979	\$0	\$0	(\$979)	\$0
9/30/23	\$0	\$1,552	\$360	\$205	(\$1,552)	\$566
9/30/24	\$901	\$1,552	\$368	\$205	\$0	\$3,026
9/30/25	\$927	\$1,523	\$375	\$201	\$0	\$3,026
9/30/26	\$963	\$1,493	\$382	\$196	\$0	\$3,034
9/30/27	\$989	\$1,461	\$390	\$191	\$0	\$3,032
9/30/28	\$1,016	\$1,429	\$398	\$186	\$0	\$3,029
9/30/29	\$1,051	\$1,394	\$406	\$181	\$0	\$3,032
9/30/30	\$1,086	\$1,357	\$414	\$176	\$0	\$3,033
9/30/31	\$1,122	\$1,319	\$422	\$171	\$0	\$3,033
9/30/32	\$1,157	\$1,280	\$431	\$165	\$0	\$3,032
9/30/33	\$1,192	\$1,239	\$439	\$159	\$0	\$3,030
9/30/34	\$1,236	\$1,194	\$448	\$153	\$0	\$3,032
9/30/35	\$1,280	\$1,148	\$457	\$147	\$0	\$3,033
9/30/36	\$1,325	\$1,100	\$466	\$141	\$0	\$3,031
9/30/37	\$1,369	\$1,050	\$475	\$134	\$0	\$3,029
9/30/38	\$1,422	\$999	\$485	\$127	\$0	\$3,033
9/30/39	\$1,466	\$946	\$495	\$120	\$0	\$3,026
9/30/40	\$1,519	\$891	\$505	\$113	\$0	\$3,027
9/30/41	\$1,581	\$834	\$515	\$105	\$0	\$3,034
9/30/42	\$1,634	\$774	\$525	\$97	\$0	\$3,030
9/30/43	\$1,696	\$713	\$535	\$89	\$0	\$3,033
9/30/44	\$1,757	\$645	\$546	\$81	\$0	\$3,029
9/30/45	\$1,828	\$575	\$557	\$72	\$0	\$3,032
9/30/46	\$1,899	\$502	\$568	\$63	\$0	\$3,031
9/30/47	\$1,969	\$426	\$580	\$53	\$0	\$3,028
9/30/48	\$2,049	\$347	\$591	\$43	\$0	\$3,030
9/30/49	\$2,128	\$265	\$603	\$33	\$0	\$3,030
9/30/50	\$2,208	\$180	\$615	\$23	\$0	\$3,025
9/30/51	\$2,296	\$92	\$627	\$11	\$0	\$3,027
Total	\$41,063	\$29,258	\$13,977	\$3,644	(\$2,531)	\$85,411

¹Annual Installments are calculated using an interest rate of 3.25% for years 1 through 6 (2022-2027), 3.50% for years 7 through 11 (2028-2032), 3.75% for years 12 through 21 (2033-2042), and 4.00% for years 22 through 30 (2043-2051) on the Series 2022 PID Bonds.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

Appendix G-3
Assessment Roll by Lot Type

Parcel
Equivalent Units
Assessment

Lot Type 2 (40 Ft)
\$29,565.52
0.72

Year	Principal	Interest ⁽¹⁾	Administrative Expenses ⁽²⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/30/22	\$0	\$705	\$0	\$0	(\$705)	\$0
9/30/23	\$0	\$1,117	\$259	\$148	(\$1,117)	\$407
9/30/24	\$649	\$1,117	\$265	\$148	\$0	\$2,178
9/30/25	\$668	\$1,096	\$270	\$145	\$0	\$2,178
9/30/26	\$693	\$1,075	\$275	\$141	\$0	\$2,184
9/30/27	\$712	\$1,052	\$281	\$138	\$0	\$2,183
9/30/28	\$731	\$1,029	\$286	\$134	\$0	\$2,181
9/30/29	\$757	\$1,003	\$292	\$131	\$0	\$2,183
9/30/30	\$782	\$977	\$298	\$127	\$0	\$2,184
9/30/31	\$807	\$950	\$304	\$123	\$0	\$2,184
9/30/32	\$833	\$921	\$310	\$119	\$0	\$2,183
9/30/33	\$858	\$892	\$316	\$115	\$0	\$2,181
9/30/34	\$890	\$860	\$323	\$110	\$0	\$2,183
9/30/35	\$922	\$827	\$329	\$106	\$0	\$2,183
9/30/36	\$954	\$792	\$336	\$101	\$0	\$2,183
9/30/37	\$986	\$756	\$342	\$97	\$0	\$2,181
9/30/38	\$1,024	\$719	\$349	\$92	\$0	\$2,184
9/30/39	\$1,055	\$681	\$356	\$87	\$0	\$2,179
9/30/40	\$1,094	\$641	\$363	\$81	\$0	\$2,179
9/30/41	\$1,138	\$600	\$371	\$76	\$0	\$2,185
9/30/42	\$1,176	\$558	\$378	\$70	\$0	\$2,182
9/30/43	\$1,221	\$513	\$385	\$64	\$0	\$2,184
9/30/44	\$1,265	\$465	\$393	\$58	\$0	\$2,181
9/30/45	\$1,316	\$414	\$401	\$52	\$0	\$2,183
9/30/46	\$1,367	\$361	\$409	\$45	\$0	\$2,183
9/30/47	\$1,418	\$307	\$417	\$38	\$0	\$2,180
9/30/48	\$1,475	\$250	\$426	\$31	\$0	\$2,182
9/30/49	\$1,532	\$191	\$434	\$24	\$0	\$2,181
9/30/50	\$1,590	\$130	\$443	\$16	\$0	\$2,178
9/30/51	\$1,653	\$66	\$452	\$8	\$0	\$2,179
Total	\$29,566	\$21,066	\$10,063	\$2,624	(\$1,822)	\$61,496

¹Annual Installments are calculated using an interest rate of 3.25% for years 1 through 6 (2022-2027), 3.50% for years 7 through 11 (2028-2032), 3.75% for years 12 through 21 (2033-2042), and 4.00% for years 22 through 30 (2043-2051) on the Series 2022 PID Bonds.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

APPENDIX H
PROPOSED ASSESSMENT ROLL – ADDITIONAL AUTHORIZED IMPROVEMENTS

Appendix H-1
Proposed Assessment Roll – Additional Authorized Improvements

**Parcel
Equivalent Units
Assessment**

**All Parcels
113.24
\$350,000**

Year	Principal	Interest⁽¹⁾	Administrative Expenses⁽²⁾	Total Annual Installment
9/30/25	\$8,000	\$19,845	\$20,000	\$47,845
9/30/26	\$8,000	\$19,391	\$20,400	\$47,791
9/30/27	\$8,000	\$18,938	\$20,808	\$47,746
9/30/28	\$8,000	\$18,484	\$21,224	\$47,708
9/30/29	\$9,000	\$18,031	\$21,649	\$48,679
9/30/30	\$9,000	\$17,520	\$22,082	\$48,602
9/30/31	\$9,000	\$17,010	\$22,523	\$48,533
9/30/32	\$10,000	\$16,500	\$22,974	\$49,473
9/30/33	\$10,000	\$15,933	\$23,433	\$49,366
9/30/34	\$10,000	\$15,366	\$23,902	\$49,268
9/30/35	\$11,000	\$14,799	\$24,380	\$50,179
9/30/36	\$11,000	\$14,175	\$24,867	\$50,042
9/30/37	\$11,000	\$13,551	\$25,365	\$49,916
9/30/38	\$12,000	\$12,928	\$25,872	\$50,800
9/30/39	\$12,000	\$12,247	\$26,390	\$50,637
9/30/40	\$13,000	\$11,567	\$26,917	\$51,484
9/30/41	\$13,000	\$10,830	\$27,456	\$51,285
9/30/42	\$14,000	\$10,093	\$28,005	\$52,097
9/30/43	\$15,000	\$9,299	\$28,565	\$52,864
9/30/44	\$15,000	\$8,448	\$29,136	\$52,585
9/30/45	\$16,000	\$7,598	\$29,719	\$53,317
9/30/46	\$17,000	\$6,691	\$30,313	\$54,004
9/30/47	\$17,000	\$5,727	\$30,920	\$53,646
9/30/48	\$18,000	\$4,763	\$31,538	\$54,301
9/30/49	\$19,000	\$3,742	\$32,169	\$54,911
9/30/50	\$20,000	\$2,665	\$32,812	\$55,477
9/30/51	\$27,000	\$1,531	\$33,468	\$61,999
Total	\$350,000	\$327,669	\$706,886	\$1,384,556

¹Annual Installments are calculated using an estimated interest rate of 5.67% for years 1 through 27 (2025-2051) on the Additional Authorized Improvements Reimbursement Agreements.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

Appendix H-2
Proposed Assessment Roll by Lot Type

**Parcel
Equivalent Units
Assessment**

**Lot Type 1 (50 Ft)
\$3,090.78
1.00**

Year	Principal	Interest⁽¹⁾	Administrative Expenses⁽²⁾	Total Annual Installment
9/30/25	\$71	\$175	\$177	\$423
9/30/26	\$71	\$171	\$180	\$422
9/30/27	\$71	\$167	\$184	\$422
9/30/28	\$71	\$163	\$187	\$421
9/30/29	\$79	\$159	\$191	\$430
9/30/30	\$79	\$155	\$195	\$429
9/30/31	\$79	\$150	\$199	\$429
9/30/32	\$88	\$146	\$203	\$437
9/30/33	\$88	\$141	\$207	\$436
9/30/34	\$88	\$136	\$211	\$435
9/30/35	\$97	\$131	\$215	\$443
9/30/36	\$97	\$125	\$220	\$442
9/30/37	\$97	\$120	\$224	\$441
9/30/38	\$106	\$114	\$228	\$449
9/30/39	\$106	\$108	\$233	\$447
9/30/40	\$115	\$102	\$238	\$455
9/30/41	\$115	\$96	\$242	\$453
9/30/42	\$124	\$89	\$247	\$460
9/30/43	\$132	\$82	\$252	\$467
9/30/44	\$132	\$75	\$257	\$464
9/30/45	\$141	\$67	\$262	\$471
9/30/46	\$150	\$59	\$268	\$477
9/30/47	\$150	\$51	\$273	\$474
9/30/48	\$159	\$42	\$279	\$480
9/30/49	\$168	\$33	\$284	\$485
9/30/50	\$177	\$24	\$290	\$490
9/30/51	\$238	\$14	\$296	\$548
Total	\$3,091	\$2,894	\$6,242	\$12,227

¹Annual Installments are calculated using an estimated interest rate of 5.67% for years 1 through 27 (2025-2051) on the Additional Authorized Improvements Reimbursement Agreements.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

Appendix H-3
Proposed Assessment Roll by Lot Type

Parcel
Equivalent Units
Assessment

Lot Type 2 (40 Ft)
\$2,225.36
0.72

Year	Principal	Interest⁽¹⁾	Administrative Expenses⁽²⁾	Total Annual Installment
9/30/25	\$51	\$126	\$127	\$304
9/30/26	\$51	\$123	\$130	\$304
9/30/27	\$51	\$120	\$132	\$304
9/30/28	\$51	\$118	\$135	\$303
9/30/29	\$57	\$115	\$138	\$310
9/30/30	\$57	\$111	\$140	\$309
9/30/31	\$57	\$108	\$143	\$309
9/30/32	\$64	\$105	\$146	\$315
9/30/33	\$64	\$101	\$149	\$314
9/30/34	\$64	\$98	\$152	\$313
9/30/35	\$70	\$94	\$155	\$319
9/30/36	\$70	\$90	\$158	\$318
9/30/37	\$70	\$86	\$161	\$317
9/30/38	\$76	\$82	\$164	\$323
9/30/39	\$76	\$78	\$168	\$322
9/30/40	\$83	\$74	\$171	\$327
9/30/41	\$83	\$69	\$175	\$326
9/30/42	\$89	\$64	\$178	\$331
9/30/43	\$95	\$59	\$182	\$336
9/30/44	\$95	\$54	\$185	\$334
9/30/45	\$102	\$48	\$189	\$339
9/30/46	\$108	\$43	\$193	\$343
9/30/47	\$108	\$36	\$197	\$341
9/30/48	\$114	\$30	\$201	\$345
9/30/49	\$121	\$24	\$205	\$349
9/30/50	\$127	\$17	\$209	\$353
9/30/51	\$172	\$10	\$213	\$394
Total	\$2,225	\$2,083	\$4,495	\$8,803

¹Annual Installments are calculated using an estimated interest rate of 5.67% for years 1 through 27 (2025-2051) on the Additional Authorized Improvements Reimbursement Agreements.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

APPENDIX I
COMBINED PROJECTED ANNUAL INSTALLMENTS

Appendix I
Combined Projected Annual Installments

**Parcel
Equivalent Units
Assessment**

**All Parcels
113.24
\$5,000,000**

Year	Principal ⁽¹⁾	Interest ⁽¹⁾	Principal ⁽²⁾	Interest ⁽²⁾	Administrative Expenses ⁽³⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/30/22	\$0	\$110,817	\$0	\$0	\$0	\$0	(\$110,817)	\$0
9/30/23	\$0	\$175,745	\$0	\$0	\$40,800	\$23,250	(\$175,745)	\$64,050
9/30/24	\$102,000	\$175,745	\$0	\$0	\$41,616	\$23,250	\$0	\$342,611
9/30/25	\$105,000	\$172,430	\$8,000	\$19,845	\$62,448	\$22,740	\$0	\$390,463
9/30/26	\$109,000	\$169,018	\$8,000	\$19,391	\$63,697	\$22,215	\$0	\$391,321
9/30/27	\$112,000	\$165,475	\$8,000	\$18,938	\$64,971	\$21,670	\$0	\$391,054
9/30/28	\$115,000	\$161,835	\$8,000	\$18,484	\$66,271	\$21,110	\$0	\$390,700
9/30/29	\$119,000	\$157,810	\$9,000	\$18,031	\$67,596	\$20,535	\$0	\$391,972
9/30/30	\$123,000	\$153,645	\$9,000	\$17,520	\$68,948	\$19,940	\$0	\$392,053
9/30/31	\$127,000	\$149,340	\$9,000	\$17,010	\$70,327	\$19,325	\$0	\$392,002
9/30/32	\$131,000	\$144,895	\$10,000	\$16,500	\$71,733	\$18,690	\$0	\$392,818
9/30/33	\$135,000	\$140,310	\$10,000	\$15,933	\$73,168	\$18,035	\$0	\$392,446
9/30/34	\$140,000	\$135,248	\$10,000	\$15,366	\$74,632	\$17,360	\$0	\$392,605
9/30/35	\$145,000	\$129,998	\$11,000	\$14,799	\$76,124	\$16,660	\$0	\$393,580
9/30/36	\$150,000	\$124,560	\$11,000	\$14,175	\$77,647	\$15,935	\$0	\$393,317
9/30/37	\$155,000	\$118,935	\$11,000	\$13,551	\$79,200	\$15,185	\$0	\$392,871
9/30/38	\$161,000	\$113,123	\$12,000	\$12,928	\$80,784	\$14,410	\$0	\$394,244
9/30/39	\$166,000	\$107,085	\$12,000	\$12,247	\$82,399	\$13,605	\$0	\$393,336
9/30/40	\$172,000	\$100,860	\$13,000	\$11,567	\$84,047	\$12,775	\$0	\$394,249
9/30/41	\$179,000	\$94,410	\$13,000	\$10,830	\$85,728	\$11,915	\$0	\$394,883
9/30/42	\$185,000	\$87,698	\$14,000	\$10,093	\$87,443	\$11,020	\$0	\$395,253
9/30/43	\$192,000	\$80,760	\$15,000	\$9,299	\$89,192	\$10,095	\$0	\$396,345
9/30/44	\$199,000	\$73,080	\$15,000	\$8,448	\$90,975	\$9,135	\$0	\$395,639
9/30/45	\$207,000	\$65,120	\$16,000	\$7,598	\$92,795	\$8,140	\$0	\$396,653
9/30/46	\$215,000	\$56,840	\$17,000	\$6,691	\$94,651	\$7,105	\$0	\$397,286
9/30/47	\$223,000	\$48,240	\$17,000	\$5,727	\$96,544	\$6,030	\$0	\$396,541
9/30/48	\$232,000	\$39,320	\$18,000	\$4,763	\$98,475	\$4,915	\$0	\$397,473
9/30/49	\$241,000	\$30,040	\$19,000	\$3,742	\$100,444	\$3,755	\$0	\$397,981
9/30/50	\$250,000	\$20,400	\$20,000	\$2,665	\$102,453	\$2,550	\$0	\$398,068
9/30/51	\$260,000	\$10,400	\$27,000	\$1,531	\$104,502	\$1,300	\$0	\$404,733
Total	\$4,650,000	\$3,313,179	\$350,000	\$327,669	\$2,289,610	\$412,650	(\$286,562)	\$11,056,546

¹Annual Installments are calculated using an interest rate of 3.25% for years 1 through 6 (2022-2027), 3.50% for years 7 through 11 (2028-2032), 3.75% for years 12 through 21 (2033-2042), and 4.00% for years 22 through 30 (2043-2051) on the Series 2022 PID Bonds.

²Annual Installments are calculated using an estimated interest rate of 5.67% for years 1 through 30 (2024-2051) on the Additional Authorized Improvements Reimbursement Agreements.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

EXHIBIT B
TOWN OF LITTLE ELM, TEXAS
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN THAT a public hearing will be conducted by the Town Council of Little Elm, Texas on *February 20, 2024 at or after 6:00 p.m. at Little Elm Town Hall, 100 W. Eldorado Parkway, Little Elm, Texas 75068*. The public hearing will be held to consider proposed assessments to be levied against the assessable property within the Spiritas East Public Improvement District (the “District”) pursuant to the provisions of Chapter 372 of the Texas Local Government Code, as amended (the “Act”).

The general nature of the proposed public improvements (collectively, the “Additional Authorized Improvements”) may include: (i) right-of-way purchases, (ii) other soft and related miscellaneous costs, and (iii) administrative cost and costs related to the establishment of the District. These Additional Authorized Improvements shall promote the interests of the Town and confer a special benefit upon the Property.

The total costs of the Additional Authorized Improvements is approximately \$1,024,500.

The District includes approximately *38.468* acres of land generally located *south of U.S. HWY 380 and west of Lewisville Lake*, located within the Town and as more particularly described by a metes and bounds description available at Little Elm Town Hall and available for public inspection.

All written or oral objections on the proposed assessment within the District will be considered at the public hearing.

A copy of the Assessment Roll relating to the Additional Authorized Improvements, which Assessment Roll includes the assessments to be levied against each parcel in the District for the Additional Authorized Improvements, is available for public inspection at the office of the Town Secretary, 100 W. Eldorado Pkwy, Little Elm, Texas 75068.