

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "CITY OF DRIPPING SPRINGS, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (HERITAGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)"; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, AN OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City of Dripping Springs, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code (the "PID Act"), has previously created the Heritage Public Improvement District (the "District"), pursuant to Resolution No. 2017-74 adopted by the City Council of the City (the "Council") on November 14, 2017; and

**WHEREAS**, the authorization creating the District became effective upon publication of its authorization on November 30, 2017 in *The Wimberley View* and *The Dripping Springs Century News*, each a newspaper of general circulation in the City; and

**WHEREAS**, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after the date of publication of such notice; and

**WHEREAS**, the District is expected to be developed in phases beginning with an area designated as "Improvement Area #1" within the District ("Improvement Area #1"); and

**WHEREAS**, pursuant to the PID Act, on May 11, 2023, the Council published notice of the assessment hearing in *The Wimberley View* and *The Dripping Springs Century News*, each a newspaper of general circulation in the City, and held a public hearing on June 6, 2023, regarding the levy of special assessments within Improvement Area #1 of the District, and on June 6, 2023, the Council adopted the assessment ordinance that levied the Improvement Area #1 Assessments (the "Assessment Ordinance"); and

**WHEREAS**, in the Assessment Ordinance, the Council approved and accepted the initial Service and Assessment Plan (the "Service and Assessment Plan") and levied the Improvement Area #1 Assessments (as defined in the Service and Assessment Plan) in Improvement Area #1 of the District as shown on the Improvement Area #1 Assessment Roll (as defined and described in the Service and Assessment Plan); and

**WHEREAS**, the Council has found and determined that it is in the best interests of the City to issue its bonds to be designated "City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)" (the "Bonds"), such Bonds to be payable from and secured by the Pledged Revenues, as defined in the Indenture (defined below) and other assets pledged under the Indenture to the payment of the Bonds; and

**WHEREAS**, the City is authorized by the PID Act to issue the Bonds for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the Administrative Reserves related to the Bonds, and (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds (all as defined in the Indenture); and

**WHEREAS**, in connection with the issuance of the Bonds, the Improvement Area #1 Projects are located within the District, and the City has determined that the Improvement Area #1 Projects confer a special benefit on the District as provided in Section V.C. of the Service and Assessment Plan; and

**WHEREAS**, the Council has found and determined to approve (i) the issuance of the Bonds to finance the Improvement Area #1 Projects and the Bond Issuance Costs, (ii) the form, terms and provisions of the Indenture securing the Bonds authorized hereby, (iii) the form, terms and provisions of a Bond Purchase Agreement (defined below) between the City and the purchaser of the Bonds, (iv) an Offering Memorandum (defined below), and (v) a Continuing Disclosure Agreement (defined below); and

**WHEREAS**, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended;

**NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS, TEXAS, THAT:**

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

Section 2. Approval of Issuance of Bonds and Indenture.

(a) The issuance of the Bonds in the principal amount of \$7,043,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the Administrative Reserves related to the Bonds, and (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds.

(b) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of June 1, 2023, between the City and Wilmington Trust, National Association, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor or Mayor Pro Tem of the City, such approval to be evidenced by the execution and delivery of the Indenture, which Indenture is hereby approved in substantially final form attached hereto as **Exhibit A** and incorporated herein as a part hereof for all purposes. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amount or amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions and modifications as may be required to conform the form of Bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate (as defined in the Indenture) pledged to the Bonds, and shall never be payable from ad valorem taxes or any other funds or revenues of the City.

Section 3. Sale of Bonds; Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the City and the Underwriter, attached hereto as **Exhibit B** and incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interest of the City. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved with such changes as may be required to carry out the purpose of this Ordinance and approved by the City Administrator, and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Mayor's or Mayor Pro Tem's signature on the Bond Purchase Agreement may be attested by the City Secretary.

Section 4. Offering Memorandum. The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto and the final Limited Offering Memorandum (the "Offering Memorandum") presented to and considered at the meeting at which this Ordinance is considered are hereby in all respects approved and adopted. The Offering Memorandum, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem of the City and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute, and the City Secretary is hereby authorized and directed to attest, the Offering Memorandum. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and confirmed. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Offering Memorandum by the Council, the Council is not responsible for and proclaims no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Offering Memorandum pertaining to the Improvement Area #1 Projects, the Development, the Developers (as defined in the Offering Memorandum) or its financial ability, any builders, any landowners, or the appraisal of the property in the District.

Section 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement of the Issuer (the "Continuing Disclosure Agreement") between the City, P3Works, LLC and Wilmington Trust, National Association, as dissemination agent, is hereby authorized and approved in substantially final form attached hereto as **Exhibit C** and incorporated herein as a part hereof for all purposes and the City Administrator of the City is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the City Administrator, such approval to be evidenced by the execution thereof.

Section 6. Bond Counsel's Opinion. The obligation of the Underwriter to accept delivery of the Bonds is subject to the Underwriter being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the City, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the Underwriter. The engagement of such firm as bond counsel to the City in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter, to the extent desired by the City, between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor, and the Mayor is hereby authorized to execute such engagement letter. Additionally, a closing instruction letter executed by the City shall further provide for the fees and expenses to be paid for such bond counsel services.

Section 7. Additional Actions. The Mayor, Mayor Pro Tem, City Administrator, Deputy City Administrator, City Treasurer and the City Secretary are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, Mayor Pro Tem, City Administrator, Deputy City Administrator, City Treasurer and the City Secretary are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance.

Section 8. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 9. Effective Date. This Ordinance is passed on one reading as authorized by Texas Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption.

*[Remainder of page left blank intentionally]*

PASSED AND APPROVED on \_\_\_\_\_, 2023.

CITY OF DRIPPING SPRINGS, TEXAS

\_\_\_\_\_  
Bill Foulds, Mayor

[CITY SEAL]

ATTEST:

\_\_\_\_\_  
Andrea Cunningham, City Secretary

APPROVED AS TO FORM

\_\_\_\_\_  
Laura Mueller, City Attorney

**EXHIBIT A**  
INDENTURE OF TRUST

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**INDENTURE OF TRUST**

By and Between

**CITY OF DRIPPING SPRINGS, TEXAS**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
AS TRUSTEE**

**DATED AS OF JUNE 1, 2023**

SECURING

**\$7,043,000**

**CITY OF DRIPPING SPRINGS, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT  
DISTRICT IMPROVEMENT AREA #1 PROJECT)**

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EXHIBIT A DESCRIPTION OF THE PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE  
HERITAGE PUBLIC IMPROVEMENT DISTRICT

## INDENTURE OF TRUST

THIS INDENTURE, dated as of June 1, 2023, is by and between the CITY OF DRIPPING SPRINGS, TEXAS (the "*City*"), and Wilmington Trust, National Association, a national banking association, as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary (the "*City Secretary*") of the City on February 9, 2016 (the "*Original Petition*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "*PID Act*"), requesting the creation of a public improvement district located within the extraterritorial jurisdiction of the City to be known as Heritage Public Improvement District (the "*District*" or "*PID*") to provide public improvements within the District to include the design, acquisition, and construction of public improvement projects authorized by Section 372.003(b) of the PID Act that are necessary for development of the District, which public improvements will include, but not be limited to, roadway, wastewater, and drainage facilities and improvements, trail improvements and other improvement projects; and

WHEREAS, an amended and restated petition was submitted and filed with the City Secretary of the City on June 29, 2017 (the "*Amended and Restated Petition*") pursuant to the PID Act which amended, restated and replaced the Original Petition in its entirety, and requested the creation of the District to provide public improvements within the District to include the design, acquisition, and construction of public improvement projects authorized by Section 372.003(b) of the PID Act that are necessary for development of the District, which public improvements will include, but not be limited to, roadway, wastewater, and drainage facilities and improvements, trail improvements and other improvement projects; and

WHEREAS, the Amended and Restated Petition contained the signatures of the record owners of taxable real property representing more than 50% of the appraised value of the real property liable for assessments within the District, as determined by the then current ad valorem tax rolls of the Hays Central Appraisal District, and the signatures of record property owners who own taxable real property that constitutes more than 50% of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on October 17, 2017, the City Council (the "*City Council*") of the City approved an Annexation and Development Agreement between the City, SLF IV – Dripping Springs JV, L.P. ("*SLF*") and BobWhite Investments, LP ("*BobWhite*") (the "*Annexation and Development Agreement*") and authorized the full purpose annexation of property within the District pursuant to Ordinance No. 1803.91; and

WHEREAS, on October 17, 2017, the City Council approved the Heritage Public Improvement District Financing Agreement between SLF and the City (the "*Original Financing Agreement*"); and

WHEREAS, on November 14, 2017, after due notice, the City Council held the public hearing in the manner required by law on the advisability of the improvement projects described in the Amended and Restated Petition as required by Section 372.009 of the PID Act and on November 14, 2017 the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2017-74 (the "*Creation Resolution*"), adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects; and

WHEREAS, following the adoption of the Creation Resolution, on November 30, 2017, the City published the Creation Resolution in *The Dripping Springs Century News*, a newspaper of general circulation in the City; and

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

WHEREAS, on May 3, 2021, SLF, M/I Homes of Austin, LLC ("*M/I Homes*") and Tri Pointe Homes Texas, Inc. ("*Tri Pointe*" and, collectively with M/I Homes, the "*Owner*") entered into an Assignment of Heritage Public Improvement District Financing Agreement (the "*Financing Agreement Assignment*"), in which SLF assigned all its right, title and interest under the Original Financing Agreement to the Owner; and

WHEREAS, the City Council approved the Financing Agreement Assignment and confirmed the Owner's satisfaction of the requirements for the Financing Agreement Assignment on November 10, 2020; and

WHEREAS, on December 20, 2022, the City Council approved the Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement between the City and M/I Homes, and as joined by Tri Pointe and BobWhite, as consenting parties (as more fully defined herein, the "*Amended and Restated Financing Agreement*"), pursuant to which M/I Homes agreed to construct the Authorized Improvements identified in the Service and Assessment Plan, and the City agreed to reimburse M/I Homes for the costs of constructing certain of the Authorized Improvements from the Assessments or, after bonds are issued as allowed by the PID Act, from the proceeds of said bonds; and

WHEREAS, pursuant to the PID Act, the proposed "*Improvement Area #1 Assessment Roll*" and service and assessment plan were filed with the City Secretary; and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the statutory notice of a public hearing to be held by the City Council on [\_\_\_\_\_], 2023, advising that the City Council would consider the levy of the proposed assessments (the "*Improvement Area #1 Assessments*") on real property within Improvement Area #1 of the District and the service and assessment plan (the "*Service and Assessment Plan*") was published on [\_\_\_\_\_], 2023, in [\_\_\_\_\_], a newspaper of general circulation in the City; and

WHEREAS, the City Secretary, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Improvement Area #1 Assessment Roll and the Service and Assessment Plan and the levy of the Improvement Area #1 Assessments on property within Improvement Area #1 of the District to the address of record at Hays Central Appraisal District, such address being the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, after notice was provided as required by the PID Act, the City Council on [\_\_\_\_\_], 2023, held a public hearing to consider the levy of the proposed Improvement Area #1 Assessments on property within Improvement Area #1 of the District, at which any and all persons who appeared, or requested to appear, in person or by authorized electronic means as provided in the notice of public hearing published on [\_\_\_\_\_], 2023 or by their attorney, were given the opportunity to contend for or contest the Improvement Area #1 Assessment Roll, and the proposed Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of the Actual Costs (as defined herein) of the authorized improvements to be undertaken for the benefit of all property to be assessed within Improvement Area #1 (the "*Improvement Area #1 Authorized Improvements*"), the purposes of the Improvement Area #1 Assessments, the special benefits of the *Improvement Area #1 Authorized Improvements*, and the penalties and interest on annual installments and on delinquent annual installments of the Improvement Area #1 Assessments; and

WHEREAS, the City Council convened the hearing on [\_\_\_\_\_], 2023, at which there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs, the Improvement Area #1 Assessment Roll, or the levy of the Improvement Area #1 Assessments; and

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

WHEREAS, on [\_\_\_\_\_], 2023, in connection with the levy of the Improvement Area #1 Assessments, concurrently therewith, the Owner and BobWhite each executed a Landowner Certificate (defined herein), wherein each landowner, among other things, approved and accepted the Assessment Ordinance and the Service and Assessment Plan, including the Improvement Area #1 Assessment Roll, consented to and accepted the levy of the Improvement Area #1 Assessments against its properties located within Improvement Area #1 of the District, and agreed to pay the Improvement Area #1 Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) (the "*Bonds*") payable from the Pledged Revenues (defined herein) for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the Administrative Reserves related to the Bonds, and (iii) paying Bond

Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds; and

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds Similarly Secured by the Holders thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Holders, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "*Trust Estate*"):

#### FIRST GRANTING CLAUSE

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

#### SECOND GRANTING CLAUSE

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

#### THIRD GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on the Bonds Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, according to the true intent and

meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

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

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. **Definitions.**

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

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

"*Actual Cost(s)*" means, with respect to the Improvement Area #1 Projects, the actual costs paid or incurred by or on behalf of the Owner: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described



in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

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

"*Additional Obligations*" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds Similarly Secured, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

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

"*Administrative Reserves*" means the estimated first year Annual Collection Costs.

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

"*Amended and Restated Financing Agreement*" means the Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement between the City and M/I Homes, and as joined by Tri Pointe and BobWhite, as consenting parties, dated as of December 20, 2022, as may have been or may be further amended and supplemented from time to time, which provides for the appointment, levying and collection of the Improvement Area #1 Assessments, the construction and terms of reimbursement to M/I Homes for a portion of the Actual Costs of the Authorized Improvements, the maintenance of the Authorized Improvements, the issuance of bonds and other matters related thereto.

"*Annual Collection Costs*" means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Improvement Area #1 Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Improvement Area #1 Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel. Annual

Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

"*Annual Installment*" means the annual installment payment of the Improvement Area #1 Assessments as calculated by the Administrator and approved by the City Council that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

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

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

"*Assessed Property*" or "*Assessed Properties*" means any Parcel within the District that benefits from an Authorized Improvement and on which Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to a Service and Assessment Plan).

"*Assessment*" means an assessment levied against a Parcel imposed pursuant to an assessment ordinance and the provisions of the Service and Assessment Plan, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

"*Assessment Ordinance*" means Ordinance No. [\_\_\_\_\_] adopted by the City Council on [\_\_\_\_\_] , 2023, that levied the Improvement Area #1 Assessments, as shown on the Improvement Area #1 Assessment Roll.

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

"*Assessment Roll(s)*" means any assessment roll for the Assessed Property within the District, including the Improvement Area #1 Assessment Roll included in the Service and Assessment Plan as Exhibit F, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of Bonds Similarly Secured, or in connection with any Annual Service Plan Update.

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

"*Authorized Denomination*" means \$100,000 and any integral multiple of \$1,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$100,000, and, unless made pursuant to Section 4.5 herein, any attempt to accomplish either of the foregoing shall be void and of no effect, provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

"*Authorized Improvements*" means improvements authorized by Section 372.003 of the PID Act as described in Section III and depicted on Exhibit L and Exhibit M to the Service and Assessment Plan.

"*BobWhite*" means BobWhite Investments, L.P., a Texas limited partnership.

"*Bond*" means any of the Bonds.

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

"*Bond Date*" means the date designated as the initial date of the Bonds by Section 3.2(a) of this Indenture.

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

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

"*Bond Ordinance*" means Ordinance No. [\_\_\_\_\_] adopted by the City Council on [\_\_\_\_\_] , 2023, authorizing the issuance of the Bonds pursuant to this Indenture.

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

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

"*Bonds*" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)."

"*Bonds Similarly Secured*" means, collectively, any Outstanding Bonds and Refunding Bonds.

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

"*Certification for Payment*" means a certificate given pursuant to the Amended and Restated Financing Agreement executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the written approval of a City Representative, specifying the amount of work performed and the cost thereof, presented to the Trustee to request payment for Actual Costs from money on deposit in the Project Fund. The Form of Certification for Payment is attached to the Amended and Restated Financing Agreement as Schedule I thereto.

"*City*" means the City of Dripping Springs, Texas.

"*City Certificate*" means a certificate signed by the City Representative and delivered to the Trustee.

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

"*City Representative*" means that official or agent of the City authorized by the City Council to undertake the action referenced herein as evidenced by a written incumbency certificate provided to the Trustee. Such certificate may designate alternates, each of whom shall be entitled to perform all duties of the City Representative.

"*Closing Date*" means the date of the initial delivery of and payment for the applicable series of Bonds Similarly Secured.

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

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

"*Continuing Disclosure Agreements of Owner*" means each agreement executed between the respective Owner, the Administrator and dissemination agent in connection with the issuance of the Bonds pursuant to which the respective Owner agrees to provide certain information regarding the development of the District and the Improvement Area #1 Projects for the benefit of the Holders of the Bonds (including owners of beneficial interests of the Bonds).

"*Continuing Disclosure Agreement of Issuer*" means the agreement executed between the City, Administrator and the dissemination agent for the benefit of the Holders of the Bonds (including owners of beneficial interests of the Bonds), to provide, by certain dates prescribed

therein periodic information and notices of material events regarding the City in accordance with Securities and Exchange Commission Rule 15c2-12.

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

"*County*" means Hays County, Texas.

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

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

"*Delinquency & Prepayment Reserve Requirement*" means an amount equal to [\_\_]% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Improvement Area #1 Assessments and Annual Installments deposited to the Pledged Revenue Fund for subsequent transfer to the Delinquency & Prepayment Reserve Account of the Reserve Fund in accordance with the terms of this Indenture.

"*Delinquent Collection Costs*" means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Improvement Area #1 Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

"*District*" means the approximately 188.943 acres within the corporate limits of the City known as the Heritage Public Improvement District, as described legally by metes and bounds on Exhibit A-1 and as depicted by the map on Exhibit B-1 to the Service and Assessment Plan.

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

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

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

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

"*Holder*" means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11. The term "*Holder*", when used in connection with the Bonds Similarly Secured, shall also include the Person who is the registered owner of a Bond Similarly Secured under the terms of any indenture relating thereto.

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

"*Improvement Area #1*" means approximately 37.073 acres located within the District, as shown on Exhibit A attached hereto and described in the Service and Assessment Plan.

"*Improvement Area #1 Assessed Property*" means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied as shown on the Improvement Area #1 Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within Improvement Area #1 other than Non-Benefited Property as defined in the Service and Assessment Plan.

"*Improvement Area #1 Assessment*" means an Assessment levied against Improvement Area #1 Assessed Property and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

"*Improvement Area #1 Assessment Roll*" means the Assessment Roll for the Improvement Area #1 Assessed Property and included in the Service and Assessment Plan as Exhibit F, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

"*Improvement Area #1 Authorized Improvements*" mean the Improvement Area #1 Projects, and the Administrative Reserves and Bond Issuance Costs related to the Bonds Similarly Secured.

"*Improvement Area #1 Improvements*" mean those Authorized Improvements that only benefit Improvement Area #1, more specifically described in Section III.B of the Service and Assessment Plan.

"*Improvement Area #1 Major Improvements*" mean Improvement Area #1's allocable share of the Major Improvements.

"*Improvement Area #1 Projects*" mean the Improvement Area #1 Improvements and the Improvement Area #1 Major Improvements.

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

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

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

"*Interest Payment Date*" means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing March 1, 2024.

"*Investment Securities*" means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, which investments are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time.

"*Landowner Certificate*" means the Landowner Certificates executed by the Owner and BobWhite, being owners of all the Property subject to the Improvement Area #1 Assessments dated [\_\_\_\_\_], 2023, as may be further amended.

"*M/I Homes*" means M/I Homes of Austin, LLC, an Ohio limited liability company.

"*Major Improvements*" mean the Authorized Improvements that benefit the entire District, and are more specifically described in Section III.A of the Service and Assessment Plan.

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

"*Outstanding*" means, as of any particular date when used with reference to Bonds Similarly Secured, all Bonds Similarly Secured authenticated and delivered under this Indenture except (i) any Bond Similarly Secured that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond Similarly Secured for which the payment of the principal or Redemption Price of and interest on such Bond Similarly Secured shall have been made as provided in Article IV, (iii) any Bond Similarly Secured in lieu of or in

substitution for which a new Bond Similarly Secured shall have been authenticated and delivered pursuant to Section 3.10, and (iv) Bond Similarly Secured alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Indenture.

"*Original Financing Agreement*" means that certain Heritage Public Improvement District Financing Agreement approved by the City Council on October 17, 2017, entered into by and between SLF and the City.

"*Owner*" means M/I Homes of Austin, LLC, an Ohio limited liability company, Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, and any of their respective successors and assigns, which currently own portions of the District and are serving as the developers for all land within the District.

"*Parcel*" or "*Parcels*" means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Hays Central Appraisal District for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the real property records of Hays County or by any other means determined by the City Council.

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

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

"*PID Act*" means Chapter 372, Texas Local Government Code, as amended.

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

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

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

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



"*Prepayment Costs*" means interest and expenses to the date of Prepayment, plus any additional expenses related to the Prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any Prepayment.

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

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

"*Project Collection Fund*" means that fund established pursuant to Section 6.1.

"*Purchaser*" means, with respect to a series of Bonds Similarly Secured, the initial purchaser of such Bonds Similarly Secured.

"*Quarter in Interest*" means as of any particular date of calculation, the Holders of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds Similarly Secured so affected. In the event that two or more groups of Holders satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Holders with the greatest percentage of then Outstanding Bonds Similarly Secured so affected (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

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

"*Rebate Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8.

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

"*Redemption Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6.

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

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

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

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

"*Reserve Account Requirement*" means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of the applicable series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of (1) an optional redemption pursuant to Section 4.3 or (2) an extraordinary optional redemption pursuant to Section 4.4, and any such reduction in the Reserve Account Requirement shall be by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of issuance of the Bonds, the Reserve Account Requirement is \$[\_\_\_\_\_] which is an amount equal to Maximum Annual Debt Service on the Bonds as of their date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

"*Reserve Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.7.

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

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

"*SLF*" means SLF IV – Dripping Springs JV, L.P., a Texas limited partnership.

"*Special Record Date*" means in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment that will be established by the Trustee, if and when funds for the payment of such interest have been received from the City.

"*State*" means the State of Texas.

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

"*Supplemental Indenture*" means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which

indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"*Tax Assessor-Collector*" means the Hays County, Texas Tax Assessor-Collector.

"*Tax Certificate*" means a certificate of the City setting forth the facts, estimates and circumstances in existence on the date of closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code.

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

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

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

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

#### Section 1.2. **Findings.**

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

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

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never

be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

**Section 1.4. Interpretation.**

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

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

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

(d) When used in Article XI of this Indenture in connection with the Bonds Similarly Secured, any reference to this Indenture, Article XI of this Indenture or any Section thereunder, and/or any events of default or remedies set forth therein, such terms and references shall be read and interpreted to include any indenture relating to any Bonds Similarly Secured, the related Article or Section in such indenture, and/or the events of default and remedies set forth therein.

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

**ARTICLE II**

**THE BONDS**

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

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

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

as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business and Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

**Section 2.2. Limited Obligations.**

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

**Section 2.3. Authorization for Indenture.**

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

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

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

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

**ARTICLE III**

**AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS**

**Section 3.1. Authorization.**

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$7,043,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the Administrative

Reserves related to the Bonds, and (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2024, computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

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

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

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

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;

- (c) a copy of the executed Amended and Restated Financing Agreement and any amendments;
- (d) an executed copy of the Continuing Disclosure Agreement of Issuer and executed copies of the Continuing Disclosure Agreements of Owner;
- (e) a copy of this Indenture executed by the Trustee and the City;
- (f) an executed City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
- (g) an executed signature and no-litigation certificate of the City;
- (h) executed opinions of Bond Counsel and the City Attorney; and
- (i) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

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

- (a) Principal of and interest on the Bonds Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds Similarly Secured shall be payable to the Holders thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.
- (c) Interest on the Bonds Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Holders at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Holder; provided, however, the Holder shall bear all risk and expense of such other banking arrangement.
- (d) The principal of each Bond Similarly Secured shall be paid to the Holder of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured at the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (e) If the date for the payment of the principal of or interest on the Bonds Similarly Secured shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking

institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

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

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

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

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

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

(d) On each Closing Date, one Initial Bond for each series of Bonds Similarly Secured representing the entire principal amount of all Bonds of such series of Bonds Similarly Secured



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

### **Section 3.6. Ownership.**

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

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

### **Section 3.7. Registration, Transfer and Exchange.**

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

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

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

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

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

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

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

### Section 3.8. **Cancellation.**

All Bonds Similarly Secured paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds Similarly Secured in lieu of which exchange Bonds Similarly Secured or replacement Bonds Similarly Secured are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds Similarly Secured, the Trustee shall destroy such Bonds Similarly Secured and deliver a certificate of such destruction to the City.

### Section 3.9. **Temporary Bonds.**

(a) Following the delivery and registration of the Initial Bond of each series of Bonds Similarly Secured and pending the preparation of definitive Bonds Similarly Secured, the proper officers of the City may execute and, upon the City's written request, the Trustee shall authenticate and deliver, one or more temporary Bonds Similarly Secured that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds Similarly Secured in lieu of which they are delivered, without coupons,

and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds Similarly Secured may determine, as evidenced by their signing of such temporary Bonds Similarly Secured.

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

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

#### **Section 3.10. Replacement Bonds.**

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

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

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

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

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

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

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

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

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

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

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

(b) With respect to Bonds Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds Similarly Secured. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant will respect to any ownership interest in the Bonds Similarly Secured, (ii) the delivery to any DTC Participant or any other Person, other than an Holder, as shown on the Register, of any notice with respect to the Bonds Similarly Secured, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Holder, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds Similarly Secured. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond Similarly Secured is registered in the Register as the absolute owner of such Bond Similarly Secured.

Secured for the purpose of payment of principal of, premium, if any, and interest on Bonds Similarly Secured, for the purpose of giving notices of redemption and other matters with respect to such Bond Similarly Secured, for the purpose of registering transfer with respect to such Bond Similarly Secured, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds Similarly Secured only to or upon the order of the respective Holders as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds Similarly Secured to the extent of the sum or sums so paid. No Person other than an Holder, as shown in the Register, shall receive a Bond Similarly Secured certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds Similarly Secured to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds Similarly Secured and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds Similarly Secured to DTC Participants having Bonds Similarly Secured credited to their DTC accounts. In such event, the Bonds Similarly Secured shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Holders transferring or exchanging Bonds Similarly Secured shall designate, in accordance with the provisions of this Indenture.

**Section 3.13. Payments to Cede & Co.**

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

**ARTICLE IV**

**REDEMPTION OF BONDS SIMILARLY SECURED BEFORE MATURITY**

**Section 4.1. Limitation on Redemption.**

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each series of Bonds Similarly Secured, other than the Bonds, shall be subject to mandatory sinking fund redemption and optional redemption as provided in the Supplemental Indenture authorizing the issuance of such series of Bonds Similarly Secured.

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

(a) The Bonds maturing on September 1 in the years 20[\_\_\_], 20[\_\_\_], 20[\_\_\_] and 20[\_\_\_] (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

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†Final Maturity

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

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†Final Maturity

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	

[\_\_\_\_], 20[\_\_]†

†Final Maturity

Term Bonds Maturing September 1, 20[\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[__]	\$
[____], 20[__]	
[____], 20[__]	
[____], 20[__]	
[____], 20[__]†	

†Final Maturity

(b) At least thirty (30) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select for redemption by lot a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

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

(d) The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions in Section 4.3 hereof or the extraordinary optional redemption provisions in Section 4.4 hereof and not previously credited to a mandatory sinking fund redemption.

**Section 4.3. Optional Redemption.**

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 20[\_\_], at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at the Redemption Price.

**Section 4.4. Extraordinary Optional Redemption.**

The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(d)) or any other transfers to the Redemption Fund under the terms of this Indenture. If less than all Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured.

**Section 4.5. Partial Redemption.**

(a) If less than all of the Bonds are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds shall be redeemed in increments of \$1,000; provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond except as provided in the following sentence. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized Denomination in effect at the time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

(b) If less than all of a series of Bonds Similarly Secured are called for optional redemption pursuant to Section 4.3 hereof, the City shall, pursuant to a City Certificate, determine the Bond Similarly Secured or Bonds Similarly Secured or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

(c) If less than all Bonds Similarly Secured within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Trustee shall call by lot the Bonds Similarly Secured, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

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

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



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

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

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

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

#### **Section 4.7. Payment Upon Redemption.**

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

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

#### **Section 4.8. Effect of Redemption.**

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds Similarly Secured or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of on the Redemption Price

of such Bonds Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

## **ARTICLE V**

### **FORM OF THE BONDS SIMILARLY SECURED**

#### **Section 5.1. Form Generally.**

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be, with respect to the Bonds, substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and, with respect to any Refunding Bonds, substantially in the form set forth in a Supplemental Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Supplemental Indenture and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of Bond Counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds Similarly Secured, as evidenced by their execution thereof.

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

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

(d) The Initial Bond of each series of Bonds Similarly Secured submitted to the Attorney General may be typewritten and photocopied or otherwise reproduced.

#### **Section 5.2. Form of the Bonds.**

##### **(a) Form of Bond.**

NEITHER THE FAITH AND CREDIT NOR THE TAXING  
POWER OF THE STATE OF TEXAS, THE CITY, HAYS  
COUNTY, OR ANY OTHER POLITICAL CORPORATION,  
SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO  
THE PAYMENT OF THE PRINCIPAL OF OR INTEREST  
ON THIS BOND.

REGISTERED  
NO. \_\_\_\_\_

United States of America  
State of Texas

REGISTERED  
\$ \_\_\_\_\_

CITY OF DRIPPING SPRINGS, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	[_____], 2023	_____

The City of Dripping Springs, Texas (the "*City*"), for value received, hereby promises to pay, solely from the Trust Estate, to

\_\_\_\_\_

or registered assigns, on the Maturity Date, as specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1, and September 1, of each year, commencing March 1, 2024.

Capitalized terms appearing herein that are defined terms in the Indenture (defined below), have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "*Designated Payment/Transfer Office*"), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the "*Trustee*"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the [last]

business day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the Date of Delivery and issued in the aggregate principal amount of \$7,043,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of June 1, 2023 (the "*Indenture*"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the Administrative Reserves related to the Bonds, and (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Holders. The Holder of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

The City has reserved the right to issue Refunding Bonds and other obligations on the terms and conditions specified in the Indenture.

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

The Bonds are issuable as fully registered bonds only in denominations of \$100,000 and any multiple of \$1,000 in excess thereof ("*Authorized Denominations*"). The City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$100,000, and any attempt to do so will be void and of no effect, except as may be the result of a partial redemption of a single Bond as provided in the Indenture, provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

The Bonds maturing on September 1 in the years 20[\_\_\_], 20[\_\_\_], 20[\_\_\_] and 20[\_\_\_] (collectively, the "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

---

†Final Maturity

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

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†Final Maturity

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

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†Final Maturity

Term Bonds Maturing September 1, 20[\_\_\_]

<u>Redemption Date</u>	<u>Principal Amount</u>
[____], 20[___]	\$
[____], 20[___]	
[____], 20[___]	
[____], 20[___]	
[____], 20[___]†	

---

†Final Maturity

At least 30 days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installments of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

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

The principal amount of Term Bonds required to be redeemed on any sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 20[\_\_\_], at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the option of the City, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds are

called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

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

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the Holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, HAYS COUNTY, OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

\_\_\_\_\_  
City Secretary, City of Dripping Springs, Texas

\_\_\_\_\_  
Mayor, City of Dripping Springs, Texas

[CITY SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS  
THE STATE OF TEXAS

§  
§  
§

REGISTER NO. \_\_\_\_\_



I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

Wilmington Trust, National Association, as Trustee

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

\_\_\_\_\_  
\_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature Guaranteed by:

\_\_\_\_\_

\_\_\_\_\_  
Authorized Signatory

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

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

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

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

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u> \$	<u>Interest Rate</u> %
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**Section 5.3. CUSIP Registration.**

The City may secure identification numbers through CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds Similarly Secured as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured. The City prohibits any Bond Similarly Secured to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond Similarly Secured with a denomination of less than \$100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect, except as provided in Section 4.5 hereof. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds Similarly

Secured have been assigned by an independent service and are included in such notice solely for the convenience of the Holders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

**Section 5.4. Legal Opinion.**

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

**ARTICLE VI**

**FUNDS AND ACCOUNTS**

**Section 6.1. Establishment of Funds and Accounts.**

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

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

(b) Creation of Accounts.

Fund: (i) The following Account is hereby created and established under the Bond

- (A) Principal and Interest Account.

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

- (A) Reserve Account; and

(B) Delinquency & Prepayment Reserve Account.

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

(A) Improvement Account; and

(B) Costs of Issuance Account.

(iv) The following Account is hereby created and established under the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

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

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

(e) The Trustee may, from time to time, upon written direction from the City pursuant to a City Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Assessment Revenues to account properly for the payment of the Actual Costs of the Improvement Area #1 Projects or to facilitate the payment or redemption for the Bonds Similarly Secured.

**Section 6.2. Initial Deposits to Funds and Accounts.**

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

(i) to the Reserve Account of the Reserve Fund: \$[\_\_\_\_\_] which is equal to the initial Reserve Account Requirement;

(ii) to the Costs of Issuance Account of the Project Fund: \$[\_\_\_\_\_];

(iii) to the Improvement Account of the Project Fund: \$[\_\_\_\_\_]; and

(iv) to the Administrative Fund: \$[\_\_\_\_\_].

### Section 6.3. **Pledged Revenue Fund and Project Collection Fund.**

(a) On or before February 20, 2024, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collector of the County. Upon the Trustee's receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund pursuant to Section 6.3(b) and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate as described in Section 6.3(b), the Trustee shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third to pay other Actual Costs of the Improvement Area #1 Projects as provided in Section 6.5 hereof, and (iv) fourth to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments shall only be utilized for the purposes set forth in Section 6.7(b) hereof and, on each March 1, beginning March 1, 2024, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed by the City pursuant to a City Certificate, will be transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in this Section 6.3(a) and after the Trustee deposits all such Pledged Revenues as provided in this Section 6.3(a), the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits in (i) and (ii) are made in full.

(b) While any of the Bonds Similarly Secured are Outstanding, the County acting by and through its Tax Assessor-Collector or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City's behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues pursuant to Section 6.3(a). The City shall provide such City Certificates on or before February 20, 2024 and on or before every August 20 and February 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in (i) of Section 6.3(a) for the debt service payment date immediately following the required City Certificate delivery date or the

deposit in full set forth in (ii) of Section 6.3(a) after the City provides a City Certificate by the dates specified in this Section 6.3(b) and after the Trustee deposits all Pledged Revenues received as provided in this Section 6.3(b) and Section 6.3(a), the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this Section 6.3(b) and Section 6.3(a) as necessary to ensure the deposits set forth in (i) and (ii) of Section 6.3(a) are made in full.

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

(d) The Trustee shall transfer the amounts determined in writing by the City as Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

(e) Upon receipt of Foreclosure Proceeds, the Trustee shall transfer such amount of Foreclosure Proceeds determined in writing by the City, first to the Reserve Fund to restore any transfers from the Reserve Fund made to which the Foreclosure Proceeds relate, second, to the Delinquency & Prepayment Reserve Account replenish the Delinquency & Prepayment Reserve Requirement, and third, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal of and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall, at the written request of the City, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act. The Trustee may rely upon any such request of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

#### Section 6.4. **Bond Fund.**

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds Similarly Secured.

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

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

**Section 6.5. Project Fund.**

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

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to the instructions on the memorandum to be issued by the City's financial advisor (the "*Closing Memorandum*") as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates as provided in Section 6.5(h).

(c) Disbursements from the Improvement Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. The disbursement of funds from the Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Amended and Restated Financing Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Amended and Restated Financing Agreement and no other provisions of the Amended and Restated Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) Except as provided in Section 6.5(e) and (g), money on deposit in the Improvement Account shall be used solely to pay Actual Costs provided the Trustee shall have no responsibility for the application of any funds disbursed from the Improvement Account in reliance upon a Certification for Payment approved by the City.

(e) If the City Representative determines in the City Representative's reasonable discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Projects such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Improvement Account of the Project Fund will ever be expended for the purposes of the Improvement Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts

then on deposit in the Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

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

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

(h) Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Improvement Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Projects or (ii) if no Improvement Area #1 Projects remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

#### **Section 6.6. Redemption Fund.**

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

#### **Section 6.7. Reserve Fund.**

(a) The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in this Indenture.

(b) Subject to 6.3(a) herein, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2024, and on any other day set forth in a City



Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in Article IV provided, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to this Indenture until the Bonds Similarly Secured are no longer Outstanding.

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

(d) In the event of an extraordinary optional redemption of Bonds Similarly Secured pursuant to Section 4.4, the Trustee, pursuant to written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds Similarly Secured to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Delinquency & Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e-1) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to Section 6.7(b) hereof.

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

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

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

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

#### **Section 6.8. Rebate Fund: Rebatable Arbitrage.**

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

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

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

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

**Section 6.9. Administrative Fund.**

(a) On or before February 20, 2024, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with Section 6.3(b) hereof, as applicable.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with Section 9.6. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

**Section 6.10. Investment of Funds.**

(a) Money in any Fund or Account, other than the Reserve Account, shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Account shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence and the Trustee shall not be responsible for determining such requirements. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold, in order to make the disbursements required or permitted by this Indenture,

to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee shall invest and re-invest cash balances in the Wilmington U.S. Government Money Market Fund – Institutional Share Class, CUSIP No. 97181C605, or other money market mutual funds that are rated in either of the two highest categories by a rating agency, including funds for which the Trustee and/or its affiliates provide investment advisory or other management services, until directed otherwise by the City Certificate.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. The Trustee shall not incur any liability for losses (including depreciation) arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments and shall have no discretion for investing funds or advising any parties on investing funds. The Trustee is not providing investment supervision, recommendation, or advice in acting pursuant to the provisions hereof.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebtable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebtable

Arbitrage owed by the City. The City Certificate shall specify the amount to the transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

**Section 6.11. Security of Funds.**

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

**ARTICLE VII**

**COVENANTS**

**Section 7.1. Confirmation of Improvement Area #1 Assessments.**

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the property in Improvement Area #1 of the District from which the Assessment Revenues will be collected and received.

**Section 7.2. Collection and Enforcement of Improvement Area #1 Assessments.**

(a) For so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Owner under the Amended and Restated Financing Agreement to reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects, the City covenants, agrees and warrants that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

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

(c) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessments or the corresponding property.

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

**Section 7.3. Against Encumbrances.**

(a) The City shall not create and shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, and Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

**Section 7.4. Records, Accounts, Accounting Reports.**

The City hereby covenants and agrees that so long as any Bonds Similarly Secured are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and Holder or Holders of any Bonds Similarly Secured or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

**Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.**

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and

to pay to the United States of America, not later than 60 days after the Bonds has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(9), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Holder. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor or Mayor Pro-Tem to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Actual Costs of the Improvement Area #1 Projects on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Area #1 Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.



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

## ARTICLE VIII

### LIABILITY OF CITY

#### Section 8.1. **Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds Similarly Secured, and no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds Similarly Secured or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds Similarly Secured or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

(c) In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

(d) No provision of this Indenture, the Bonds Similarly Secured, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (collectively, the "*Bond Documents*"), shall require the City to expend or risk its own general funds or other funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the amounts collected to pay Annual Collection Costs deposited in the Administrative Fund) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or

powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

(e) Neither the Holders nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Trust Estate or the amounts collected to pay Annual Collection Costs deposited in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Holders of the Bonds Similarly Secured by mandamus or other proceeding at law or in equity.

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other independent person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

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

## **ARTICLE IX**

### **THE TRUSTEE**

#### **Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.**

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Holders of the Bonds Similarly Secured agree. The Trustee undertakes to perform such duties and only such duties as are specifically and expressly set forth herein. No implied covenants or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except in connection with its performance of such duties.

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

#### **Section 9.2. Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction by the Holders against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making scheduled debt service payments prior to the occurrence of a default, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund to pay all fees, costs, and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder on amounts held within the Administrative Fund.

#### **Section 9.3. Responsibilities of the Trustee.**

(a) The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this

Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; or (v) any loss suffered in connection with any investment of funds.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages, or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential loss or damages of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action, in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Project. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(d) The Trustee shall not be liable for any action taken, or errors of judgment made in good faith by any one of its officers, agents, or employees unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default unless the Trustee has actual knowledge thereof or shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Holders of at least Quarter in Interest of the Bonds Similarly Secured at that time. The Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

(h) The permissive rights of the Trustee to do things enumerated in this Indenture shall

not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct.

(i) The Trustee may act through attorneys or agents and shall not be responsible for the acts or omissions of any such attorney or agent appointed with due care.

(j) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, the Holder, or any of their directors, members, officers, agents, affiliates or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(k) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

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

#### **Section 9.4. Property Held in Trust.**

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

#### **Section 9.5. Trustee Protected in Relying on Certain Documents.**

(a) The Trustee may, at the expense of the City, request, conclusively rely and shall be protected in acting or refraining from acting upon any order, judgment, notice, request, consent,

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

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

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

#### **Section 9.6. Compensation.**

The City hereby agrees to compensate the Trustee, from the amount collected each year for Annual Collection Costs and in the manner set forth in this section, for the Trustee's services as Trustee and as Paying Agent/Registrar; provided, however, notwithstanding anything herein to the contrary, the aggregate value of this Indenture shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) and Section 2274.002(a)(2) of the Texas Government Code. The Trustee hereby agrees to submit to the City and/or the Administrator an annual report, no later than six (6) months after each Bond Year, beginning with the Bond Year ending September 30, 2023, setting forth (i) the amount of fees the Trustee has received pursuant to the terms of this Indenture for the preceding Bond Year and (ii) the cumulative amount of fees paid to the Trustee pursuant to the terms of the Indenture to the date of the annual report. If at any time the Trustees receives fees from the City under this Indenture that would otherwise cause the aggregate value of this Indenture to exceed the dollar limitation set forth in Section 2271.002(a)(2) and Section

2274.002(a)(2) of the Texas Government Code, the Trustee shall have an immediate reimbursement obligation due to the City for the amount of any such excess and shall promptly return the amount of such excess to the City. For the avoidance of doubt, any such excess amount shall never constitute compensation to the Trustee under this Indenture.

Unless otherwise provided by contract with the Trustee, and subject to the limitations set forth above, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, which, with respect to ordinary fees and expenses incurred prior to an Event of Default hereunder, shall be transferred pursuant to a City Certificate and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Certificate, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund prior to any Bonds Similarly Secured then Outstanding. Following an Event of Default, the foregoing limitation on expenses shall not apply, however any such fees or expenses must be reasonable. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds and adequate indemnity against such risk or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, subject to the limitations set forth herein, and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall, subject to the limitations set forth herein, be compensated for such extraordinary services and any services or work performed by the Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. The right of the Trustee to fees, expense, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

#### **Section 9.7. Permitted Acts.**

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

**Section 9.8. Resignation of Trustee.**

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

**Section 9.9. Removal of Trustee.**

The Trustee may be removed by giving not fewer than 30 days' notice, specifying the date when such removal shall take effect at any time by (i) the Holders of at least a Quarter in Interest of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Holders of not less than 10% of the aggregate principal amount of Bonds Similarly Secured then Outstanding.

**Section 9.10. Successor Trustee.**

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

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

(c) Until such successor Trustee shall have been appointed by the Holders of the Bonds Similarly Secured, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Holder of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Holders of Bonds Similarly Secured.



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

(e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

(f) Each successor Trustee shall mail, in accordance with the provisions of the Bonds Similarly Secured, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds Similarly Secured and each of the Holders of the Bonds Similarly Secured.

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

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

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

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

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

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

The City will cause to be filed all appropriate financing statements. If necessary, the Trustee, as directed by the City, shall file or cause to be filed, at the City's expense, such continuation statements as may be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest and rights of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Unless otherwise notified in writing by the City or a Holder, the Trustee may conclusively rely upon the initial financing statements in filing any continuation statements hereunder. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it.

If applicable, but immediately upon its receipt thereof, the City, or an authorized third-party representative thereof, shall deliver to the Trustee file-stamped copies of each UCC initial financing statement recorded in the jurisdictions applicable thereto.

The Trustee's UCC filing requirements are limited to those responsibilities as set forth in this Section 9.13.

#### **Section 9.14 Offering Documentation.**

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds Similarly Secured and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds Similarly Secured.

#### **Section 9.15 Expenditure of Funds and Risk.**

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

#### **Section 9.16 Environmental Hazards.**

The Trustee may inform any Holder of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no

fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

**Section 9.17. Accounts, Periodic Reports and Certificates.**

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Holder or Holders of not less than 10% in principal amount of the Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

**Section 9.18. Construction of Indenture.**

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

**ARTICLE X**

**MODIFICATION OR AMENDMENT OF THIS INDENTURE**

**Section 10.1. Amendments Permitted.**

(a) This Indenture and the rights and obligations of the City and of the Holders of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Holders of the Bonds Similarly Secured so affected by such modification or amendment, or with the written consent without a meeting, of the Holders of the Bonds Similarly Secured of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such modification or amendment and with City approval. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Holder of such Bond

Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) reduce the percentage of Bonds Similarly Secured required for the amendment hereof. Any such amendment shall not modify any of the rights, immunities or obligations of the Trustee without its prior written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds Similarly Secured, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

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

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

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

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

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 herein; and

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

(c) Notwithstanding anything to the contrary herein, no Supplemental Indenture entered into in accordance with Section 10.1(b) above shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Holders in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

**Section 10.2. Holders' Meetings.**

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

**Section 10.3. Procedure for Amendment with Written Consent of Holders.**

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

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Holders as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Holder of the Bonds Similarly Secured giving such consent and on any subsequent Holder (whether or not such subsequent Holder has notice thereof), unless such consent is revoked in writing by the Holder giving such consent or a subsequent Holder by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Holders of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Holders in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Holders of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

**Section 10.4. Procedure for Amendment Not Requiring Holder Consent.**

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Holder consent, shall be mailed by first class mail by the Trustee to each Holder of Bonds Similarly Secured so affected, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Holders of all Bonds Similarly Secured as of the date of such execution and delivery.

**Section 10.5. Effect of Supplemental Indenture.**

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Holders of Bonds Similarly Secured Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 10.6. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.**

The City may determine that Bonds Similarly Secured issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Holder of any Bonds Similarly Secured Outstanding at such effective date and presentation of his Bond Similarly Secured for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond Similarly Secured. The City may determine that new Bonds Similarly Secured, so modified as in the opinion of the City is necessary to conform to such Holders' action, shall be prepared, executed, and delivered. In that case, upon demand of the Holder of any Bonds Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Holder, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

**Section 10.7. Amendatory Endorsement of Bonds Similarly Secured.**

The provisions of this Article X shall not prevent any Holder from accepting any amendment as to the particular Bonds Similarly Secured held by such Holder, provided that due notation thereof is made on such Bonds Similarly Secured.

**Section 10.8. Waiver of Default.**

Subject to Section 10.1, with the written consent of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured at that time, the Holders may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Holders and upon all future Holders.

**Section 10.9. Execution of Supplemental Indenture.**

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

**ARTICLE XI**

**DEFAULT AND REMEDIES**

**Section 11.1. Events of Default.**

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

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

(ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and

(iv) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make any such payments.

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

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. The Trustee shall sell Trust Estate assets, according to the appraised value thereof, beginning with the asset of the highest value and continuing such sales in the order of next succeeding most valuable asset until satisfaction of debts pertaining to the outstanding Bonds Similarly Secured. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.



(d) In an Event of Default shall have occurred and be continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee hereunder, (iii) any taxes and assessments and other charges prior to the lien of this of Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

### **Section 11.3. Restriction on Holder's Action.**

(a) No Holder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has actual knowledge thereof or has been notified in writing as provided in Section 9.3(f), or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Holders have furnished to the Trustee indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Holders of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Holder to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed herein and in the Bonds Similarly Secured.

(c) In case the Trustee or any Holders of Bonds Similarly Secured shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or

abandoned for any reason or shall have been determined adversely to the Trustee or any Holders of Bonds Similarly Secured, then and in every such case the City, the Trustee and the Holders of Bonds Similarly Secured shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 11.4. Application of Revenues and Other Moneys After Default.**

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost, liabilities, advances and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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

Within thirty (30) days of receipt of such good and available funds, the Trustee may fix a record date and a payment date for any payment to be made to Holders of Bonds Similarly Secured pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

**Section 11.5. Effect of Waiver.**

The Trustee may, with the prior written consent of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured at that time and so affected, waive an Event of Default occurring hereunder. No delay or omission of the Trustee, or any Holder, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 11.6. Evidence of Ownership of Bonds Similarly Secured.**

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Holders of Bonds Similarly Secured may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Holder of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Holder may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by a Holder of any Bond Similarly Secured shall bind all future Holders of the same Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

**Section 11.7. No Acceleration.**

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

**Section 11.8. Mailing of Notice.**

Any provision in this Article for the mailing of a notice or other document to Holders shall be fully complied with if it is mailed, first class postage prepaid, only to each Holder at the address appearing upon the Register.

**Section 11.9. Exclusion of Bonds Similarly Secured.**

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for any purpose. The City shall promptly deliver any such Bonds Similarly Secured to the Trustee for cancellation.

**Section 11.10. Remedies Not Exclusive.**

Subject to Section 11.2, no remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

**Section 11.11. Direction by Holders.**

Anything herein to the contrary notwithstanding, the Holders of at least a Quarter in Interest of the Bonds Similarly Secured so affected by such Event of Default shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Holders, provided, (i) such direction shall not be otherwise than in accordance with law and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders not parties to such direction. The Trustee shall be entitled to request and receive such directions in writing and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written direction.

**ARTICLE XII**

**GENERAL COVENANTS AND REPRESENTATIONS**

**Section 12.1. Representations as to Trust Estate.**

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance

thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Holders and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

#### **Section 12.2. General.**

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

### **ARTICLE XIII**

#### **SPECIAL COVENANTS**

##### **Section 13.1. Further Assurances; Due Performance.**

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

##### **Section 13.2. Other Obligations or Other Liens; Refunding Bonds.**

(a) The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Trust Estate.

(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this

Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

(c) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

(d) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) Notwithstanding anything to the contrary herein, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

### Section 13.3. **Books of Record.**

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds Similarly Secured.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

## ARTICLE XIV

### PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

#### Section 14.1. **Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured that are secured hereby are fully paid or provision is made for their payment as provided in this Article.

#### Section 14.2. **Satisfaction of Indenture.**

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Holders of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder as directed in writing by the City.

#### Section 14.3. **Bonds Similarly Secured Deemed Paid.**

(a) Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Trust Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such

redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Holders of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

## **ARTICLE XV**

### **MISCELLANEOUS**

#### **Section 15.1. Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Holders, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Holders and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

#### **Section 15.2. Successor is Deemed Included in All References to Predecessor.**

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

#### **Section 15.3. Execution of Documents and Proof of Ownership by Holders.**

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Holders may be in one or more instruments of similar tenor, and shall be executed by Holders in person or by their attorneys duly appointed in writing.

(b) Except as otherwise expressly provided herein, the fact and date of the execution by any Holder or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer



authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured and the amount, maturity, number, and date of holding the same shall be proved by the Register.

(d) Any request, declaration or other instrument or writing of the Holder of any Bond Similarly Secured shall bind all future Holders of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

**Section 15.4. No Waiver of Personal Liability.**

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

**Section 15.5. Notices to and Demands on City and Trustee.**

(a) Except as otherwise expressly provided herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City

City of Dripping Springs, Texas  
P.O. Box 384  
511 Mercer Street  
Dripping Springs, Texas 78641  
Attn: City Administrator  
Telephone: 512-858-4725  
E-Mail: mfischer@cityofdrippingsprings.com

If to the Trustee  
Or the Paying Agent/Registrar

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248  
Attn: Dayna Smith  
Telephone: 972-383-3154  
E-Mail: dlsmith@wilmingtontrust.com

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such

transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

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

(d) The Trustee shall mail to each Holder of a Bond Similarly Secured notice of (1) any substitution of the Trustee; or (2) the redemption or defeasance of all Outstanding Bonds Similarly Secured.

#### **Section 15.6. Partial Invalidity.**

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds Similarly Secured pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

#### **Section 15.7. Applicable Laws; Jurisdiction.**

THIS INDENTURE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE OBLIGATIONS OF THE PARTIES HERETO ARE AND SHALL BE PERFORMABLE IN THE COUNTY WHEREIN THE PROPERTY IS LOCATED, AND IF LEGAL ACTION IS NECESSARY BY EITHER PARTY WITH RESPECT TO THE ENFORCEMENT OF ANY TERM OF THIS INDENTURE, EXCLUSIVE VENUE FOR SAME SHALL LIE IN THE COURTS OF HAYS COUNTY, TEXAS. BY EXECUTING THIS INDENTURE, EACH PARTY HERETO EXPRESSLY (a) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION AND VENUE CONSISTENT WITH THE PREVIOUS SENTENCE, (b) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIMS AND DEFENSES THAT SUCH JURISDICTION AND VENUE ARE NOT PROPER OR CONVENIENT, AND (c) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

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

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

**Section 15.9. Counterparts.**

This Indenture may be executed in counterparts, each of which shall be deemed an original.

**Section 15.10. No Terrorist Organization.**

Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405 and exists to make a profit.

**Section 15.11. Electronic Storage.**

The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

CITY OF DRIPPING SPRINGS, TEXAS

By: \_\_\_\_\_  
Bill Foulds, Jr., Mayor

Attest:

\_\_\_\_\_  
Andrea Cunningham, City Secretary

(CITY SEAL)

Wilmington Trust, National Association,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**DESCRIPTION OF THE PROPERTY WITHIN IMPROVEMENT AREA #1  
OF THE HERITAGE PUBLIC IMPROVEMENT DISTRICT**

**EXHIBIT B**

**BOND PURCHASE AGREEMENT**

\$[\_\_\_\_\_]  
**CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1  
PROJECT)**

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**BOND PURCHASE AGREEMENT**

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June 6, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement (this “Agreement”) with the City of Dripping Springs, Texas (the “City”), which will be binding upon the City and the Underwriter upon the acceptance of this Agreement by the City. This offer is made subject to its acceptance by the City by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (defined herein) between the City and Wilmington Trust, National Association, as trustee (the “Trustee”), authorizing the issuance of the Bonds (defined herein), and in the Limited Offering Memorandum (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[\_\_\_\_\_] aggregate principal amount of the “City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)” (the “Bonds”), at a purchase price of \$[\_\_\_\_\_] (representing the aggregate principal amount of the Bonds, less an Underwriter’s discount of \$[\_\_\_\_\_]).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the City (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm’s length



commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from the City, and (vi) the Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”), which have been received by the City. The City further acknowledges and agrees that following the issuance and delivery of the Bonds, the Underwriter has indicated that it may have periodic discussions with the City regarding the expenditure of Bond proceeds and the construction of the Improvement Area #1 Projects financed with the Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the City.

The Bonds shall be dated June 29, 2023, and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Bonds, and the other actions described herein, shall take place on June 29, 2023 (or such other date as may be agreed to by the City and the Underwriter) (the “Closing Date”).

2. Authorization Instruments and Law. The Bonds were authorized by an ordinance enacted by the City Council of the City (the “City Council”) on June 6, 2023 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “Act”), and the Indenture of Trust, dated as of June 1, 2023, between the City and the Trustee (the “Indenture”). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by a lien and pledge of the Trust Estate (as defined in the Indenture) consisting primarily of revenue from proceeds of special assessments (the “Assessments”) levied on the assessable parcels within Improvement Area #1 of the Heritage Public Improvement District (the “District”). The District was established by a resolution enacted by the City Council on November 14, 2017 (the “Creation Resolution”) in accordance with the Act. A service and assessment plan (the “Service and Assessment Plan”) which sets forth the costs of the Improvement Area #1 Projects and the method of payment of the Assessments levied against assessable property located within Improvement Area #1 of the District was approved pursuant to an ordinance adopted by the City Council on June 6, 2023 (the “Assessment Ordinance”) and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the “Authorizing Documents”). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Schedule I, the Indenture, and the Limited Offering Memorandum. The proceeds of the Bonds shall be used for (i) paying a portion of the Actual

Costs of the Improvement Area #1 Projects, (ii) paying the Administrative Reserves related to the Bonds and (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Bonds in accordance with Section 4 hereof and to no more than thirty-five persons that qualify as either “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act (defined herein) or “Qualified Institutional Buyers” (within the meaning of Rule 144A under the Securities Act). On or before the third (3<sup>rd</sup>) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel (defined herein) the Issue Price Certificate (as defined herein), in substantially the form attached hereto as Appendix B.

4. Establishment of Issue Price. Notwithstanding any provision of this Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(a) Definitions. For purposes of this Paragraph, the following definitions apply:

(i) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Participating Underwriter or a Related Party to a Participating Underwriter.

(ii) “*Participating Underwriter*” means (A) any person that agrees pursuant to a written contract with the City to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

(iii) “*Related Party*” means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) “*Sale Date*” means the date of execution of this Purchase Agreement by all parties.

(b) Issue Price Certificate. The Underwriter, agrees to assist the City in establishing the issue price of the Bonds and to execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or

equivalent communications, substantially in the form attached hereto as *Appendix B*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the initial offering price (the “Initial Offering Price”) or prices or the sales price or prices to the Public of the Bonds.

(c) Substantial Amount Test. Other than those maturities of the Bonds which are designated by the Underwriter in writing in the attached Appendix B (the “Hold the Price Maturities”), the City will treat the first price at which at least ten percent (a "Substantial Amount") in principal amount of each maturity of the Bonds is sold to the Public as of the Sale Date (the “*Substantial Amount Test*”) as the issue price of that maturity (or each separate CUSIP number within that maturity). At or promptly after the execution of this Purchase Agreement, the Underwriter will report to the City the price or prices at which the Participating Underwriters have offered and sold to the Public each maturity of the Bonds. If at that time the Substantial Amount Test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which the Bonds have been sold by the Participating Underwriters to the Public. That reporting obligation will continue, whether or not the Closing Date has occurred, until the Substantial Amount Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public.

(d) Hold-The-Price Restriction. The Underwriter agrees, on behalf of the Participating Underwriters, that each Participating Underwriter will neither offer nor sell any of the Hold-the-Price Maturities to any person at a price that is higher than the applicable Initial Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Participating Underwriters have sold a Substantial Amount of such a Maturity to the Public at a price that is no higher than the Initial Offering Price of such Maturity (the "Hold-the-Price Restriction").

The Underwriter shall promptly advise the City when the Participating Underwriters have sold a Substantial Amount of each such Hold-The-Price Maturity to the Public at a price that is no higher than the applicable Initial Offering Price such Hold-The-Price Maturity, if that occurs prior to the close of the fifth business day after the Sale Date.

The City acknowledges that, in making the representation set forth in this subparagraph, the Underwriter will rely on (A) the agreement of each Participating Underwriter to comply with the Hold-The-Price Restriction, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-The-Price Restriction, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that a Participating Underwriter is a party to a third-party distribution agreement that was employed in connection with the sale of the Bonds, the agreement of each such underwriter, dealer or broker-dealer that is a party to such agreement to comply with the Hold-The-Price Restriction, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Participating Underwriter will be solely

liable for its failure to comply with its agreement regarding the Hold-the-Price Restriction and that no Participating Underwriter will be liable for the failure of any other Participating Underwriter to comply with its corresponding agreement regarding the Hold-The-Price Restriction as applicable to the Bonds.

(e) Agreements Among Participating Underwriters. The Underwriter confirms that (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement to which the Underwriter is a party relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until it is notified by the Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the relating pricing wires, and (C) acknowledge that, unless otherwise advised by the Participating Underwriter, the Underwriter will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter or the applicable Participating Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Underwriter or the applicable Participating Underwriter and as set forth in the relating pricing wires, and

(f) Sale to Related Party not a Sale to the Public. The Participating Underwriters acknowledge that sales of any Bonds to any person that is a Related Party to a Participating Underwriter do not constitute sales to the Public for purposes of this Section. If a Related Party to a Participating Underwriter purchases during the initial offering period all of a Hold-The-Price Maturity, the related Participating Underwriter will notify the Underwriter and will take steps to confirm in writing that such Related Party will either (i) hold such Bonds for its own account, without present intention to sell, reoffer, or otherwise dispose of such Bonds for at least five business days from the Sale Date, or (ii) comply with the Hold-The-Price Restriction. The Underwriter will notify the Issuer if any of the Hold-the-Price Maturities are allotted to a Participating Underwriter or sold or allotted to a Related Party of the Underwriter.

5. Limited Offering Memorandum.

(a) Delivery of Limited Offering Memorandum. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Bonds dated [May \_\_], 2023 (the “Preliminary Limited Offering Memorandum”), in a “designated electronic format,” as defined in the MSRB Rule G-32 (“Rule G-32”). The City will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Bonds (as more particularly defined below, the “Limited Offering Memorandum”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (“Rule 15c2-12”), (iii) in a “designated electronic format,” and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof, except for the inclusion of the information permitted to be excluded from the Preliminary Limited Offering Memorandum by Section (b)(1) of Rule 15c2-12. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds are collectively referred to herein as the “Limited Offering Memorandum.” Until the Limited Offering Memorandum has been prepared and is available for distribution, the City shall provide to the Underwriter, upon request, sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer.

(b) Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the offering, sale, and distribution of the Bonds. The City hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

(c) Use of Limited Offering Memorandum in Offering and Sale. The City hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the offering and the sale of the Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the offering of the Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City’s acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the City’s acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The City shall provide the Limited Offering Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(d) Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the 25th day after the “end of the underwriting period” for the Bonds), the City becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the City will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City in accordance herewith, the City makes no representations with respect to the following information (collectively, the “Non-City Disclosures”), (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system, and (ii) the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in any maps included therein or under the captions and subcaptions “PLAN OF FINANCE — Development Plan,” “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “BOOK-ENTRY ONLY SYSTEM,” “OVERLAPPING TAXES AND DEBT – Homeowners’ Association,” “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPERS,” “THE PID ADMINISTRATOR,” “APPRAISAL,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developers, the Improvement Area #1 Projects and the Development), “LEGAL MATTERS — Litigation — The Developers,” “CONTINUING DISCLOSURE – The Developers” and “– The Developers’ Compliance with Prior Undertakings,” “INFORMATION RELATING TO THE TRUSTEE,” “SOURCES OF INFORMATION – Developers,” “APPENDIX E-2,” “APPENDIX E-3” and “APPENDIX F.” If such notification shall be subsequent to the Closing Date, the City, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a

printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(e) Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access system within one business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date.

(f) Limited Offering. The Underwriter hereby represents, warrants and covenants that the Bonds were initially sold pursuant to a limited offering. The Bonds were sold to not more than thirty-five persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act) or “Qualified Institutional Buyers” (within the meaning of Rule 144A under the Securities Act).

6. City Representations, Warranties and Covenants. The City represents, warrants and covenants that:

(a) Due Organization, Existence and Authority. The City is a political subdivision of the State of Texas (the “State”), and has, and at the Closing Date will have, full legal right, power and authority:

(i) to enter into and perform its duties and obligations under:

(1) this Agreement;

(2) the Indenture;

(3) the Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement, dated as of December 20, 2022 (the “Financing Agreement”), between the City, M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”), as joined by Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, Inc. (“Tri Pointe” and, together with the Managing Developer, the “Developers”), and BobWhite Investments, L.P., a Texas limited partnership (“BobWhite”), as consenting parties;

(4) the Annexation and Development Agreement Planned Development District No. 5: Heritage Subdivision between the City, SLF IV – Dripping Springs JV, L.P., a Texas Limited Partnership (the “Original Owner”), and BobWhite, effective as of October 17, 2017, as assigned to the Developers (the “Development Agreement”);

(5) the Continuing Disclosure Agreement of Issuer with respect to the Bonds, dated as of June 1, 2023 (the “City Continuing Disclosure Agreement”), executed and delivered by the City, P3Works, LLC, as Administrator (the “Administrator”), Wilmington Trust, National

Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”);

(6) the Offsite Road and Trail Agreement between the City and the Original Owner, effective as of October 17, 2017, as assigned to the Developers (the “Offsite Road and Trail Agreement”);

(7) the Wastewater and Impact Fee Agreement effective as of October 17, 2017, between the City and the Original Owner, as assigned to the Developers (as amended, the “Wastewater Service Agreement”);

(ii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Financing Agreement, (4) the Development Agreement, (5) the City Continuing Disclosure Agreement, (6) the Offsite Road and Trail Agreement, (7) the Wastewater Service Agreement, (8) the Limited Offering Memorandum, and (9) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (9) being referred to collectively herein as the “City Documents”).

(b) Due Authorization and Approval of City. By all necessary official action of the City, the City has duly authorized and approved the adoption or execution and delivery by the City of, and the performance by the City of the obligations on its part contained in, the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded, except as may have been approved by the Underwriter. When validly executed and delivered by the other parties thereto, the City Documents will constitute the legally valid and binding obligations of the City enforceable upon the City in accordance with their respective terms, except insofar as enforcement may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors’ rights generally. The City has complied, and will at the Closing (as defined herein) be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

(c) Due Authorization for Issuance of the Bonds. The City has duly authorized the issuance and sale of the Bonds pursuant to the Bond Ordinance, the Indenture, and the Act. The City has, and at the Closing Date will have, full legal right, power and authority (i) to enter into, execute, deliver, and perform its obligations under this Agreement and the other City Documents, (ii) to issue, sell and, deliver the Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act, and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the City described by the City Documents and the Bond Ordinance.



(d) No Breach or Default. As of the time of acceptance hereof, and to the best of its knowledge, the City is not, and as of the Closing Date the City will not be, in material breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Bonds and to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on the City's ability to perform its obligations under the Bonds or the City Documents; and, as of such times, the authorization, execution and delivery of the Bonds and the City Documents and compliance by the City with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a material breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties securing the Bonds or under the terms of any such law, regulation or instrument, except as may be permitted by the City Documents.

(e) No Litigation. At the time of acceptance hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending against the City with respect to which the City has been served with process, nor to the knowledge of the City is any Action threatened against the City, in which any such Action (i) in any way questions the existence of the City or the rights of the members of the City Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City described therein, or contests the exclusion of the interest on the Bonds from federal income taxation, or (iv) which may result in any material adverse change in the financial condition of the City; and, as of the time of acceptance hereof, to the City's knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

(f) Bonds Issued Pursuant to Indenture. The City represents that the Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the City, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of the monies in certain funds and accounts established pursuant to the Indenture to the extent

provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(g) Assessments. The Assessments constituting the security for the Bonds have been levied by the City in accordance with the Assessment Ordinance and the Act on those parcels of land identified in the Assessment Roll for Improvement Area #1 (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for state, county, school district, or municipality ad valorem taxes.

(h) Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and ordinances of or filings with any governmental authority, legislative body, board, agency, or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of, its obligations in connection with the City Documents have been duly obtained or made and are in full force and effect, except the approval of the Bonds by the Attorney General of the State, registration of the Bonds by the Comptroller of Public Accounts of the State, and the approvals, consents and ordinances as may be required under Blue Sky or securities laws of any jurisdiction.

(i) Public Debt. Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Bonds without the prior approval of the Underwriter.

(j) Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures.

(k) Limited Offering Memorandum. At the time of the City's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the 25<sup>th</sup> day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures; and further provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event

does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(l) Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the 25th day subsequent to the “end of the underwriting period,” the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(m) Compliance with Rule 15c2-12. During the past five years, the City has not entered into any continuing disclosure agreements pursuant to Rule 15c2-12.

(n) Use of Bond Proceeds. The City will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(o) Blue Sky and Securities Laws and Regulations. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the City, (i) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Bonds by the Underwriter (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(p) Certificates of the City. Any certificate signed by any official of the City authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and/or warranty, as applicable in the legal context, by the City to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

(q) Intentional Actions Regarding Representations and Warranties. The City covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

(r) Financial Advisor. The City has engaged Hilltop Securities Inc., as its financial advisor in connection with its offering and issuance of the Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

7. Developers Letters of Representations.

(a) Managing Developer. At the signing of this Agreement, the City and Underwriter shall receive from the Managing Developer, an executed Managing Developer Letter of Representations (the “Managing Developer Letter of Representations”) in the form of Appendix A-1 hereto, and at the Closing, a certificate signed by the Managing Developer as set forth in Section 10(e) hereof.

(b) Tri Pointe. At the signing of this Agreement, the City and Underwriter shall receive from Tri Pointe, an executed Tri Pointe Letter of Representations (the “Tri Pointe Letter of Representations”) in the form of Appendix A-2 hereto, and at the Closing, a certificate signed by Tri Pointe as set forth in Section 10(f) hereof.

8. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, (i) the City will deliver or cause to be delivered to DTC through its “FAST” System, the Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the City and authenticated by the Trustee as provided in the Indenture, and (ii) the City will deliver the closing documents hereinafter mentioned to McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), or a place to be mutually agreed upon by the City and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the City or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the “Closing.” The Bonds will be made available to the Underwriter or Underwriter’s Counsel (as defined herein) for inspection not less than twenty-four (24) hours prior to the Closing.

9. Underwriter’s Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and in the Developers Letter of Representations and the performance by the City of its obligations under this Agreement, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter’s obligations under this Agreement to purchase, accept delivery of, and pay for the Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

(a) Bring-Down Representations of the City. The representations and covenants of the City contained in this Agreement shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Underwriter's Counsel, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City described in this Agreement and the City Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Managing Developer as, in the opinion of Metcalfe Wolff Stuart & Williams, LLP ("Managing Developer's Counsel"), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Managing Developer described in the Managing Developer Letter of Representations, the Development Agreement, the Financing Agreement, the Offsite Road and Trail Agreement, the Wastewater Service Agreement, the Managing Developer Landowner Certificate executed by the Managing Developer as of June 6, 2023 (the "Managing Developer Landowner Certificate"), the Water and Wastewater Utility Construction, Conveyance and Service Agreement, effective as of May 18, 2021, executed and delivered by Double Eagle Villages, LLC ("Double Eagle Villages") and Corix Utilities (Texas), Inc., as assigned by Double Eagle Villages to the Developers (the "Utility Agreement"), the Joint Ownership and Development Agreement between the Managing Developer and Tri Pointe dated July 27, 2020 (the "JODA"), the Adjacent Property Owners Agreement between the Developers and BobWhite dated September 29, 2021 (as amended, the "Adjacent Property Owners Agreement") and the Continuing Disclosure Agreement of the Managing Developer with respect to the Bonds, dated as of June 1, 2023, executed and delivered by the Managing Developer, the Administrator and the Dissemination Agent (the "Continuing Disclosure Agreement of the Managing Developer"), (v) there shall be in full force and effect such other resolutions or actions of Tri Pointe as, in the opinion of McLean & Howard, LLP ("Tri Pointe's Counsel"), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of Tri Pointe described in the Tri Pointe Letter of Representations, the Development Agreement, the Financing Agreement, the Offsite Road and Trail Agreement, the Wastewater Service Agreement, the Adjacent Property Owners Agreement, the Tri Pointe Landowner Certificate executed by Tri Pointe as of June 6, 2023 (the "Tri Pointe Landowner Certificate"), the Utility Agreement, the JODA and the Continuing Disclosure Agreement of Tri Pointe with respect to the Bonds, dated as of June 1, 2023 executed and delivered by Tri Pointe, the Administrator and the Dissemination Agent (the "Continuing Disclosure Agreement of Tri Pointe" and, together with the Managing Developer Letter of Representations, the Tri Pointe Letter of Representations, the Development Agreement, the Financing Agreement, the Offsite Road and Trail Agreement, the Wastewater Service Agreement, the Continuing Disclosure Agreement of the Managing Developer, the Utility Agreement, the Managing Developer Landowner Certificate, the Tri Pointe Landowner Certificate, the JODA and the Adjacent Property Owners Agreement, the "Developer Documents"); and (vi) the City shall perform or have

performed its obligations required or specified in the City Documents to be performed at or prior to Closing.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the City Documents, the Developer Documents or other documents relating to the financing and construction of the Improvement Area #1 Projects and the Development, and the Developers shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of such Developer to pay the Assessments when due or complete the Improvement Area #1 Projects.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 10 below.

(e) Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Agreement without liability therefor by written notification to the City if, between the date of this Agreement and the Closing, in the Underwriter's reasonable judgment, any of the following shall have occurred:

(i) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by the occurrence of any of the following:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either House thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either the U.S. Senate Committee on Finance or the U.S. House of Representatives Committee on Ways and Means or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation, or official statement (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the City or upon interest on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter,

impracticable or inadvisable to proceed with the offer, sale, or delivery of the Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission (“SEC”) or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the “Securities Act”), or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the “Trust Indenture Act”); or

(3) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; provided, however that such suspension in trading or any disruption in securities settlement, payment or clearance service is not in force on the date hereof; or

(4) there shall have occurred any outbreak of hostilities (including, without limitation, an act of terrorism) or other national or international calamity or crisis, including, but not limited to, an escalation of hostilities that existed prior to the date hereof, and the effect of any such event on the financial markets of the United States shall be such as would make it impracticable, in the reasonable judgment of the Underwriter, for it to sell the Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except as disclosed in or described in the Limited Offering Memorandum; or

(6) any state blue sky or securities commission or other governmental agency or body in any state in which more than 10% of the Bonds have been offered and sold shall have withheld registration,

exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(7) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), or the validity or enforceability of the Assessments pledged to pay principal of and interest on the Bonds; or

(ii) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

(iv) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum; or

(v) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and shall be in force; or

(vi) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as described in this Agreement or in the Limited Offering Memorandum, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws on the date of Closing, including the Securities Act, the Securities Exchange Act of 1934 and the Trust Indenture Act; or

(viii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided



shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (ii), (vii) and (viii) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

10. Closing Documents. At or prior to the Closing, the Underwriter (or Underwriter's Counsel on behalf of the Underwriter) shall receive the following documents:

(a) Bond Opinion. The opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix D to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 10(b), to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the City and the Underwriter, in form and substance acceptable to Underwriter or Underwriter's Counsel, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Limited Offering Memorandum but that such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology," "Billing and Collection Services Agreement" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the final paragraph thereof), "LEGAL MATTERS — Legal Opinions," "SUITABILITY FOR INVESTMENT," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "INVESTMENTS," "APPENDIX B" and "APPENDIX D" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan and the Indenture;

(ii) The Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(iii) On each respective date thereof, the City had full power and authority to adopt the Creation Resolution, the Assessment Ordinance, and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the “City Actions”) and perform its obligations thereunder and the City Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Financing Agreement, the City Continuing Disclosure Agreement and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents, and agreements by the other parties thereto, constitute the legal, valid, and binding agreements of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors’ rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to local governmental entities.

(c) City Legal Opinion. An opinion of the City Attorney, dated the Closing Date and addressed to the Underwriter, the City and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

(d) Opinions of Developers’ Counsels. An opinion of Managing Developer’s Counsel, substantially in the form of Appendix D-1 hereto, and an opinion of Tri Pointe’s Counsel, substantially in the form of Appendix D-2 hereto, each dated the Closing Date and addressed to the City, Bond Counsel, the Attorney for the City, the Underwriter, Norton Rose Fulbright US LLP (“Underwriter’s Counsel”), Orrick, Herrington & Sutcliffe LLP (“Disclosure Counsel”) and the Trustee.

(e) Developers Certificates. The closing certificates of the Managing Developer and Tri Pointe, each dated as of the Closing Date, signed by an authorized officer of the respective Developer in substantially the forms of Appendix E-1 and Appendix E-2 hereto.

(f) City Certificate. A certificate of the City, dated the Closing Date, to the effect that, to the best of an authorized City official’s knowledge:

(i) the representations and warranties of the City contained herein and in the City Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and City Documents are in full force and effect and have not been amended, modified, or supplemented;

(iii) except as disclosed in the Limited Offering Memorandum, no litigation or proceeding against the City is pending or, to the knowledge of such person, threatened in any court or administrative body nor is there a basis for

litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City or the establishment of the District, (c) contest the validity, due authorization and execution of the Bonds or the City Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from levying and collecting the Assessments pledged to pay the principal of and interest on the Bonds, or the pledge thereof; and

(iv) the City has, to the best of such person's knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the City Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing.

(v) all official action of the City relating to the Limited Offering Memorandum, the Bonds and the City Documents have been duly taken by the City, are in full force and effect and have not been modified, amended, supplemented or repealed, except as otherwise approved in writing by the Underwriter; and

(vi) to his or her knowledge, no event affecting the City has occurred since the date of the Limited Offering Memorandum which should be disclosed therein for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(g) Trustee's Counsel Opinion. An opinion of counsel to the Trustee, dated the Closing Date and addressed to the Underwriter, the City and Bond Counsel, in form and substance acceptable to Underwriter's Counsel, the City and Bond Counsel to the following effect:

(i) the Trustee is duly organized, validly existing and in good standing as a national banking association organized under the laws of the United States of America, and is duly qualified to serve as Trustee in accordance with the qualifications set forth for the Trustee in the Indenture;

(ii) the Trustee has full right, power, and authority to enter into the Indenture, to perform its obligations under, and to carry out and consummate all of the transactions involving the Trustee contemplated by, the Indenture; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee and is valid and enforceable against the Trustee in accordance with its terms.

(h) Trustee's Certificate. A customary authorization and incumbency certificate dated prior to the Closing Date, signed by authorized officers of the Trustee in form and substance acceptable to the Underwriter, Underwriter's Counsel and Bond Counsel.

(i) Disclosure Counsel's Opinions. A Disclosure Counsel opinion, dated the Closing Date and addressed to the City in a form acceptable to the City, and a Disclosure Counsel opinion, dated the Closing Date and addressed to the Underwriter in a form acceptable to the Underwriter.

(j) Underwriter Counsel Opinion. An opinion of Underwriter's Counsel to the effect that:

(i) based on (A) such counsel's review of the Bond Ordinance, the Indenture, and the Limited Offering Memorandum; (B) its discussions with bond counsel and with the Underwriter; (C) its review of the documents, certificates, opinions and other instruments delivered at the closing of the sale of the Bonds on the date hereof; and (D) such other matters as it deems relevant, such counsel is of the opinion that the Bonds are exempt securities under the Securities Act, and the Trust Indenture Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act and the Indenture is not required to be qualified under the Trust Indenture Act; and

(ii) based upon (A) such counsel's review of Rule 15c2-12 and interpretive guidance published by the SEC relating thereto; (B) its review of the continuing disclosure undertaking of the City contained in the City Continuing Disclosure Agreement; and (C) the inclusion in the Limited Offering Memorandum of a description of the specifics of such undertaking, and assuming that the Bond Ordinance, the Indenture, and the City Continuing Disclosure Agreement have been duly adopted by the City and are in full force and effect, such undertaking provides a suitable basis for the Underwriter, to make a reasonable determination that the City has met the qualifications of paragraph (b)(5)(i) of Rule 15c2-12.

(k) Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

(l) Delivery of City Documents and Developer Documents. The City Documents and Developer Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

(m) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(n) Federal Tax Certificate. A certificate of the City in form and substance satisfactory to Bond Counsel and Underwriter's Counsel setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code.

(o) Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State's Certificate of Registration for the Initial Bond.

(p) Continuing Disclosure Agreements. The City Continuing Disclosure Agreement, the Continuing Disclosure Agreement of the Managing Developer, and the Continuing Disclosure Agreement of Tri Pointe, shall have been executed by the parties thereto in substantially the forms attached to the Preliminary Limited Offering Memorandum as Appendix E-1, Appendix E-2 and Appendix E-3.

(q) Letter of Representation of the Appraiser. (i) Letter of Representation of the Appraiser, substantially in the form of Appendix F hereto, addressed to the City, Bond Counsel, the Underwriter, Underwriter's Counsel, Disclosure Counsel and the Trustee, or in form otherwise agreed upon by the Underwriter, and (ii) a copy of the real estate appraisal of the property within Improvement Area #1 attached as Appendix F to the Limited Offering Memorandum.

(r) Letter of Representation of Administrator. Letter of Representation of the Administrator, substantially in the form of Appendix G hereto, addressed to the City, Bond Counsel, the Underwriter, Underwriter's Counsel, Disclosure Counsel and the Trustee, or in form otherwise agreed upon by the Underwriter.

(s) Evidence of Filing of Service and Assessment Plan. Evidence that the Service and Assessment Plan, including the Assessment Roll for Improvement Area #1 of the District, have been filed of record in the real property records of Hays County, Texas.

(t) Managing Developer's Organizational Documents. The Managing Developer shall have delivered to the Underwriter and the City, (i) fully executed copies of the Managing Developer's organizational documents, (ii) a Certificate of Good Standing from the Ohio Secretary of State, (iii) Certificate of Authority from the Texas Secretary of State and (iv) a verification of franchise tax account status from the Texas Secretary of State.

(u) Tri Pointe Organizational Documents. Tri Pointe shall have delivered to the Underwriter and the City, (i) fully executed copies of Tri Pointe's organizational documents, (ii) a Certificate of Status from the Texas Secretary of State, and (iii) a verification of franchise tax account status from the Texas Secretary of State.

(v) Rule 15c2-12 Certification. A resolution or certificate of the City (which may be included in the Bond Ordinance) whereby the City has deemed the Preliminary Limited Offering Memorandum final as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Bonds.

(w) Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the City has engaged a dissemination agent acceptable to the Underwriter for the Bonds, with the execution of the City Continuing Disclosure Agreement, the Continuing Disclosure Agreement of the Managing Developer and the Continuing

Disclosure of Tri Pointe by other parties thereto being conclusive evidence of such acceptance by the Underwriter.

(x) BLOR. A copy of the Blanket Issuer Letter of Representation to DTC signed by the City.

(y) Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or their counsel may reasonably deem necessary.

11. City's Closing Conditions. The obligation of the City hereunder to deliver the Bonds shall be subject to receipt on or before the Closing Date of the purchase price set forth in Section 1 hereof, the Attorney General Opinion, the opinion of Bond Counsel described in Section 9(a) hereof and all documents required to be provided by the Developer.

12. Consequences of Termination. If the City shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the City shall have no further obligation hereunder, except as further set forth in Sections 13, 15 and 16 hereof.

13. Costs and Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall cause to be paid from proceeds of the Bonds the following expenses incident to the issuance of the Bonds and performance of the City's obligations hereunder: (i) the costs of the preparation and printing of the Bonds; (ii) the cost of preparation, printing, and mailing of the Preliminary Limited Offering Memorandum, the final Limited Offering Memorandum and any supplements and amendments thereto; (iii) the fees and disbursements of the City's financial advisor and legal counsel, the Trustee's counsel, Bond Counsel, Developer's Counsel, and the Trustee relating to the issuance of the Bonds, (iv) the Attorney General's review fees, (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the City or the Developer, including but not limited to the fees and expenses of the Appraiser and the Administrator, and (vi) the expenses incurred by or on behalf of City employees and representatives that are incidental to the issuance of the Bonds and the performance by the City of its obligations under this Agreement.

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Bonds; (ii) fees of Underwriter's Counsel; and (iii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its offering and distribution of the Bonds, except as noted in Subsection 13(a) above.

(c) The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

14. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Dripping Springs, 511 Mercer Street, Dripping Springs, Texas 78620, Attention: City Administrator. Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the City and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Sections 16 and 18 shall survive any termination of this Agreement.

16. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Agreement or in connection with the transactions described in or by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

19. State Law Governs. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Texas.

20. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other parties hereto.

21. No Personal Liability. None of the members of the City Council, nor any officer, representative, agent, or employee of the City, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Agreement.

22. Form 1295. Submitted herewith or on a date prior hereto is a completed Form 1295 in connection with the Underwriter's participation in the execution of this Agreement generated

by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Underwriter. The Underwriter and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

23. Anti-Boycott Verification. The Underwriter hereby verifies that the Underwriter and its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal Law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Underwriter understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

24. Iran, Sudan and Foreign Terrorist Organizations. The Underwriter hereby represents that neither the Underwriter nor any of its parent companies, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Underwriter and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Underwriter understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

25. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the



extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable Federal or Texas law; or (B) does business with a company described by (A) above. The Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

26. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions,

a. “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association,

b. “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code,

as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

c. “firearm trade association,” a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

**FMSbonds, Inc.,**  
as Underwriter

By: \_\_\_\_\_  
Name:  
Title:

Accepted at \_\_\_\_\_ a.m./p.m. central time on the date first stated above.

**CITY OF DRIPPING SPRINGS, TEXAS**

By: \_\_\_\_\_  
Mayor

**SCHEDULE I**

\$[\_\_\_\_\_]
   
 CITY OF DRIPPING SPRINGS, TEXAS
   
 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
   
 (Heritage Public Improvement District Improvement Area #1 Project)

Interest Accrues From: Closing Date

\$ \_\_\_\_\_ % Term Bonds, Due September 1, 20\_\_, Priced to Yield \_\_\_\_\_ %; <sup>(a), (b), (c)</sup>

\$ \_\_\_\_\_ % Term Bonds, Due September 1, 20\_\_, Priced to Yield \_\_\_\_\_ %; <sup>(a), (b), (c)</sup>

- (a) The initial prices or yields of the Bonds are furnished by the Underwriter, have been determined in accordance with the "10% test," and represent the initial offering prices or yields to the public, which may be changed by the Underwriter at any time.
- (b) The Bonds are subject to redemption, in whole or in part, prior to their scheduled maturity, at the option of the City, on any date on or after September 1, 20\_\_, at the redemption price as described in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."

The Bonds are subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

**\$ \_\_\_\_\_ Term Bonds Maturing September 1, 20\_\_**

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

\* Stated Maturity

**\$ \_\_\_\_\_ Term Bonds Maturing September 1, 20\_\_**

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

\* Stated Maturity

**APPENDIX A-1**

**FORM OF MANAGING DEVELOPER LETTER OF REPRESENTATIONS**

**\$\_[\_\_\_\_\_]**  
**CITY OF DRIPPING SPRINGS, TEXAS,**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**  
**(Heritage Public Improvement District Improvement Area #1 Project)**

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**MANAGING DEVELOPER LETTER OF REPRESENTATIONS**

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June 6, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Ladies and Gentlemen:

This letter is being delivered to the City of Dripping Springs, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$[\_\_\_\_\_].00 “City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)” (the “Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter, the Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the City and the purchase of them by the Underwriter, the undersigned, M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”), makes the representations, warranties, and covenants contained in this Managing Developer Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Managing Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, the Managing Developer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Managing Developer, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Managing Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Managing Developer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Managing Developer will notify the City and the Underwriter (and for the purposes of this clause provide the City and the Underwriter with such information as it may from time to time request); however, that for the purposes of this Managing Developer Letter of Representations and any certificate delivered by the Managing Developer in accordance with the Bond Purchase Agreement, the Managing Developer makes no representations with respect to the information appearing in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum except for the information set forth in the maps of the District included therein and under the captions and subcaptions “PLAN OF FINANCE — Development Plan” and “— Additional Indebtedness,” “OVERLAPPING TAXES AND DEBT — Homeowners’ Association,” “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” and “THE DEVELOPERS” (only as it pertains to the Managing Developer) and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Managing Developer, the Authorized Improvements and the Development), “LEGAL MATTERS — Litigation — The Developers” (only as it pertains to the Managing Developer), “CONTINUING DISCLOSURE — The Developers – The Managing Developer” and “— The Developers’ Compliance with Prior Undertakings – Managing Developer,” “SOURCES OF INFORMATION — Developers – Managing Developer,” “APPENDIX E-2” and “APPENDIX G” (collectively, the “Managing Developer Disclosures”) in accordance with subsection 4(f) herein.

3. Managing Developer Documents. The Managing Developer has executed or caused the execution of and delivered each of the below listed documents (individually, a “Managing Developer Document” and collectively, the “Managing Developer Documents”) in the capacity provided for in each such Managing Developer Document, and each such Managing Developer Document constitutes a valid and binding obligation of the Managing Developer, enforceable against the Managing Developer in accordance with its terms:

- (a) this Managing Developer Letter of Representations;
- (b) the Development Agreement;
- (c) the Financing Agreement;
- (d) the Offsite Road and Trail Agreement;
- (e) the Wastewater Service Agreement;

- (f) the Managing Developer Landowner Certificate;
- (g) the Utility Agreement;
- (h) the JODA;
- (i) the Adjacent Property Owners Agreement; and
- (j) the Continuing Disclosure Agreement of the Managing Developer.

The representations and warranties of the Managing Developer contained in the Managing Developer Documents are true and correct in all material respects on and as of the date hereof.

The Managing Developer has complied in all material respects with all of the Managing Developer's agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Managing Developer under the Managing Developer Documents on or prior to the date hereof.

4. Managing Developer Representations, Warranties and Covenants. The Managing Developer represents, warrants, and covenants to the City and the Underwriter that:

(a) Due Organization and Existence. The Managing Developer is duly formed and validly existing as an Ohio limited liability company under the laws of the State of Ohio and is authorized to do business in the State of Texas.

(b) Organizational Documents. The copies of the organizational documents of the Managing Developer provided by the Managing Developer (the "Managing Developer Organizational Documents") to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented since delivery to the City and the Underwriter, and are in full force and effect as of the date hereof.

(c) No Breach. The execution and delivery of the Managing Developer Documents by the Managing Developer does not violate any judgment, Ordinance, writ, injunction or decree binding on the Managing Developer or any indenture, agreement, or other instrument to which the Managing Developer is a party.

(d) No Litigation. Other than as described in the Preliminary Limited Offering Memorandum, there are no proceedings pending or threatened in writing before any court or administrative agency against the Managing Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Managing Developer to perform its obligations under the Managing Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum.

(e) Information. The information prepared and submitted by the Managing Developer to the City or the Underwriter in connection with the preparation of the



Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

(f) Preliminary Limited Offering Memorandum. The Managing Developer represents and warrants that the information set forth in the Managing Developer Disclosures in the Preliminary Limited Offering Memorandum is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Managing Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum.

(g) Events of Default. No “Event of Default” or “event of default” by the Managing Developer under any of the Managing Developer Documents, any documents to which the Managing Developer is a party described in the Preliminary Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #1 Projects to which the Managing Developer is a party, or event that, with the passage of time or the giving of notice or both, would constitute such “Event of Default” or “event of default,” by the Managing Developer has occurred and is continuing.

5. Indemnification.

(a) The Managing Developer will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Managing Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission, untrue statement or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

(b) Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the

indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, the Managing Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Managing Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Bonds, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Managing Developer Letter of Representations will be binding upon the Managing Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Managing Developer Letter of Representations.

*[Signature page to follow]*

**MANAGING DEVELOPER:**

**M/I HOMES OF AUSTIN, LLC,**  
an Ohio limited liability company

By: \_\_\_\_\_  
Name: William G. Peckman  
Title: Area President

**APPENDIX A-2**

**FORM OF TRI POINTE LETTER OF REPRESENTATIONS**

**\$\_[\_\_\_\_\_]**  
**CITY OF DRIPPING SPRINGS, TEXAS,**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**  
**(Heritage Public Improvement District Improvement Area #1 Project)**

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**TRI POINTE LETTER OF REPRESENTATIONS**

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June 6, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Ladies and Gentlemen:

This letter is being delivered to the City of Dripping Springs, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$[\_\_\_\_\_].00 “City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)” (the “Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter, the Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the City and the purchase of them by the Underwriter, the undersigned, Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, Inc. (“Tri Pointe”), make the representations, warranties, and covenants contained in this Tri Pointe Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Tri Pointe Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, Tri Pointe understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of Tri Pointe, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Tri Pointe Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), Tri Pointe becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, Tri Pointe will notify the City and the Underwriter (and for the purposes of this clause provide the City and the Underwriter with such information as it may from time to time request); however, that for the purposes of this Tri Pointe Letter of Representations and any certificate delivered by Tri Pointe in accordance with the Bond Purchase Agreement, Tri Pointe makes no representations with respect to the information appearing in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum except for the information set forth in the maps of the District included therein and under the captions and subcaptions “PLAN OF FINANCE — Development Plan” and “THE DEVELOPERS” (only as it pertains to Tri Pointe) and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to Tri Pointe and the Development), “LEGAL MATTERS — Litigation — The Developers” (only as it pertains to Tri Pointe), “CONTINUING DISCLOSURE — The Developers – Tri Pointe” and “— The Developers’ Compliance with Prior Undertakings – Tri Pointe,” “SOURCES OF INFORMATION — Developers – Tri Pointe,” “APPENDIX E-3” and “APPENDIX G” (collectively, the “Tri Pointe Disclosures”) in accordance with subsection 4(f) herein.

3. Tri Pointe Documents. Tri Pointe has executed or caused the execution of and delivered each of the below listed documents (individually, a “Tri Pointe Document” and collectively, the “Tri Pointe Documents”) in the capacity provided for in each such Tri Pointe Document, and each such Tri Pointe Document constitutes a valid and binding obligation of Tri Pointe, enforceable against Tri Pointe in accordance with its terms:

- (a) this Tri Pointe Letter of Representations;
- (b) the Development Agreement;
- (c) the Financing Agreement;
- (d) the Offsite Road and Trail Agreement;
- (e) the Wastewater Service Agreement;
- (f) the Tri Pointe Landowner Certificate;
- (g) the JODA;
- (h) the Utility Agreement;

- (i) the Adjacent Property Owners Agreement; and
- (j) the Continuing Disclosure Agreement of Tri Pointe.

Tri Pointe has complied in all material respects with all of Tri Pointe's agreements and covenants and satisfied all conditions required to be complied with or satisfied by Tri Pointe under the Tri Pointe Documents on or prior to the date hereof.

The representations and warranties of Tri Pointe contained in the Tri Pointe Documents are true and correct in all material respects on and as of the date hereof.

4. Tri Pointe Representations, Warranties and Covenants. Tri Pointe represents, warrants, and covenants to the City and the Underwriter that:

(a) Due Organization and Existence. Tri Pointe is duly formed and validly existing corporation under the laws of the State of Texas.

(b) Organizational Documents. The copies of the organizational documents of Tri Pointe provided by Tri Pointe (the "Tri Pointe Organizational Documents") to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented since delivery to the City and the Underwriter and are in full force and effect as of the date hereof.

(c) No Breach. The execution and delivery of the Tri Pointe Documents by Tri Pointe does not violate any judgment, Ordinance, writ, injunction or decree binding on Tri Pointe or any indenture, agreement, or other instrument to which Tri Pointe is a party.

(d) No Litigation. Other than as described in the Preliminary Limited Offering Memorandum, there are no proceedings pending or threatened in writing before any court or administrative agency against Tri Pointe that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of Tri Pointe to perform their obligations under the Tri Pointe Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum.

(e) Information. The information prepared and submitted by Tri Pointe to the City or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

(f) Preliminary Limited Offering Memorandum. Tri Pointe represents and warrants that the information set forth in the Tri Pointe Disclosures in the Preliminary Limited Offering Memorandum is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Tri Pointe agrees to provide a certificate dated the Closing Date affirming, as of such date, the

representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum.

(g) Events of Default. No “Event of Default” or “event of default” by Tri Pointe under any of the Tri Pointe Documents, any documents to which Tri Pointe is a party described in the Preliminary Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #1 Projects to which Tri Pointe is a party, or event that, with the passage of time or the giving of notice or both, would constitute such “Event of Default” or “event of default,” by Tri Pointe has occurred and is continuing.

5. Indemnification.

(a) Tri Pointe will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Tri Pointe Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission, untrue statement or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action,

the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, Tri Pointe or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Tri Pointe Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Bonds, and (c) any termination of the Bond Purchase Agreement.

Binding on Successors and Assigns. This Tri Pointe Letter of Representations will be binding upon Tri Pointe and its successors and assigns and inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Tri Pointe Letter of Representations.

*[Signature page to follow]*



**TRI POINTE HOMES TEXAS, INC.,**  
a Texas corporation

By: \_\_\_\_\_  
Name: Bryan R. Havel  
Title: Division President

**APPENDIX B**

\$\_[\_\_\_\_\_]

**CITY OF DRIPPING SPRINGS, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS,  
SERIES 2023**

**(Heritage Public Improvement District Improvement Area #1 Project)**

**ISSUE PRICE CERTIFICATE**

The undersigned, as the duly authorized representative of FMSbonds, Inc. (“Purchaser”), with respect to the City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) issued by the City of Dripping Springs, Texas (“Issuer”) in the principal amount of \$\_\_\_\_\_ (“Bonds”), hereby certifies, based on its records and information, as follows:

(a) [other than the Bonds maturing in \_\_\_\_\_ (“Hold-the-Price Maturities”), the][The] first price at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (a “Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the “Public”) is set forth in the final Official Statement relating to the Bonds.

(Add (b) and (c) only if there are Hold-the-Price maturities)

[(b) On or before the first day on which the Bond Purchase Agreement is entered into (the “Sale Date”), the Purchaser offered to the Public each Maturity of the Hold-the-Price maturities at their respective initial offering prices (the “Initial Offering Prices”), as listed in the final Official Statement relating to the Bonds.]

[(c) As set forth in the Bond Purchase Agreement, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.]

A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

FMSbonds, Inc.,  
as Underwriter

By: \_\_\_\_\_

—

Name:

Title:

Dated: \_\_\_\_\_

**SCHEDULE A**

*(Attached)*

**APPENDIX C**

[LETTERHEAD OF CITY ATTORNEY]

June 29, 2023

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

\$\_[\_\_\_\_\_]

**CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(Heritage Public Improvement District Improvement Area #1 Project)**

Ladies and Gentlemen:

I am an Attorney for City of Dripping Springs, Texas (the “City”), and am rendering this opinion in connection with the issuance and sale of \$[\_\_\_\_\_] “City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)” (the “Bonds”), by the City, a political subdivision of the State of Texas.

The Bonds are authorized pursuant to an ordinance adopted by the City Council of the City (the “City Council”) on June 6, 2023 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “Act”) and the Indenture of Trust dated as of June 1, 2023 (the “Indenture”) by and between the City and Wilmington Trust, National Association, a national banking association, as trustee (the “Trustee”). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein.

In connection with rendering this opinion, I have reviewed the:

- (a) The Resolution No. 2017-74 enacted by the City Council on November 14, 2017 (the “Creation Resolution”);
- (b) The ordinance adopted by the City Council on June 6, 2023 (the “Assessment Ordinance”) and the Service and Assessment Plan, attached as an exhibit thereto;
- (c) The Bond Ordinance;

(d) The Indenture;

(e) The Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement, dated as of December 20, 2022 (the “Financing Agreement”), between the City, M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”), as joined by Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, Inc. (“Tri Pointe” and, together with the Managing Developer, the “Developers”), and BobWhite Investments, L.P., a Texas limited partnership (“BobWhite”), as consenting parties;

(f) The Annexation and Development Agreement Planned Development District No. 5: Heritage Subdivision between the City, SLF IV – Dripping Springs JV, L.P., a Texas Limited Partnership (the “Original Owner”), and BobWhite, effective as of October 17, 2017, as assigned to the Developers (the “Development Agreement”);

(g) The Continuing Disclosure Agreement of Issuer with respect to the Bonds, dated as of June 1, 2023 (the “City Continuing Disclosure Agreement”), executed and delivered by the City, P3Works, LLC, as Administrator (the “Administrator”), Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”);

(h) The Offsite Road and Trail Agreement between the City and the Original Owner, effective as of October 17, 2017, as assigned to the Developers (the “Offsite Road and Trail Agreement”); and

(i) The Wastewater and Impact Fee Agreement effective as of October 17, 2017, between the City and the Original Owner, as assigned to the Developers (as amended, the “Wastewater Service Agreement”).

The Creation Resolution, the Assessment Ordinance, the Indenture and Bond Ordinance shall herein after be referred to as the “Authorizing Documents” and the remaining documents shall herein after be collectively referred to as the “City Documents.”

In all such examinations, I have assumed that all signatures on documents and instruments executed by the City are genuine and that all documents submitted to me as copies conform to the originals. In addition, for purposes of this opinion, I have assumed the due authorization, execution and delivery of the City Documents by all parties other than the City.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, I am are of the opinion that:

1. The City is a Texas political subdivision and has all necessary power and authority to enter into and perform its obligations under the Authorizing Documents and the City Documents. The City has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the Authorizing Documents and the City Documents and the performance of its obligations thereunder.

2. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or threatened against the City: (a) affecting the existence of the City or the titles of its officers to their

respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the Assessments in Improvement Area #1 of the District pursuant to the provisions of the Assessment Ordinance, the Bond Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City's performance of the City Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City.

3. The Authorizing Documents were duly enacted by the City and remain in full force and effect on the date hereof.

4. The City Documents have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of the City enforceable against the City in accordance with their terms. However, the enforceability of the obligations of the City under such City Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, and (c) the application of Texas law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

5. The performance by the City of the obligations under the Authorizing Documents and the City Documents will not violate any provision of any Federal or Texas constitutional or statutory provision.

6. No further consent, approval, authorization, or order of any court or governmental agency or body or official is required to be obtained by the City as a condition precedent to the performance by the City of its obligations under the Authorizing Documents and the City Documents.

7. The City has duly authorized, executed and delivered the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

8. Based upon our limited participation in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (collectively, the "Limited Offering Memorandum"), the statements and information contained in the Limited Offering Memorandum with respect to the City under the captions and subcaptions "ASSESSMENT PROCEDURES," "THE CITY," "THE DISTRICT," "LEGAL MATTERS — Litigation – The City," "CONTINUING DISCLOSURE — The City" and " — The City Compliance with Prior Undertakings" and "APPENDIX A" is a fair and accurate summary of the law and the documents and facts summarized therein.

9. The adoption of the Authorizing Documents and the execution and delivery of the City Documents and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby, to the best of my knowledge: (a) do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a

violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

This opinion may not be relied upon by any other person except those specifically addressed in this letter.

Very truly yours,

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ATTORNEY FOR THE CITY



**APPENDIX D-1**

[LETTERHEAD OF METCALFE WOLFF STUART & WILLIAMS LLP  
COUNSEL TO THE MANAGING DEVELOPER]

June 29, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

McCall, Parkhurst & Horton L.L.P  
600 Congress Avenue, Suite 2150  
Austin, Texas 78701

Orrick, Herrington & Sutcliffe LLP  
300 W. 6<sup>th</sup> Street, Suite 1850  
Austin, Texas 78701

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100, Austin,  
Texas 78701

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

\$\_[\_\_\_\_\_]

CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(Heritage Public Improvement District Improvement Area #1 Project)

Ladies and Gentlemen:

We have acted as special counsel for M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”), in connection with the issuance and sale by the City of Dripping Springs, Texas (the “City”) of \$[\_\_\_\_\_] City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) (the “Bonds”), pursuant to that certain Indenture of Trust dated as of June 1, 2023 (the “Indenture”), by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as “Heritage” (the “Project”). The Managing Developer is referred to herein as our “Client”.

The Bonds are being sold to FMSbonds, Inc. (the “Underwriter”), pursuant to that certain Bond Purchase Agreement dated June 6, 2023, by and between the City and the Underwriter (the “Bond Purchase Agreement”). This opinion is being delivered pursuant to Section 10(d) of the Bond Purchase Agreement.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

**I. Assumptions and Bases for Opinions and Assurances**

In our capacity as special counsel to the Managing Developer, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

A. The following documents previously executed or being executed, entered into and/or issued, as the case may be, in connection with the issuance of the Bonds (collectively, the “**Documents**”):

- i. The Indenture;
- ii. The Bond Purchase Agreement;
- iii. The Managing Developer Letter of Representations;
- iv. The Closing Certificate of the Managing Developer, dated June 29, 2023, executed by the Managing Developer pursuant to Section 10(e) of the Bond Purchase Agreement;
- v. The Development Agreement;
- vi. The Financing Agreement;
- vii. The Offsite Road and Trail Agreement;
- viii. The Wastewater Service Agreement;
- ix. The Managing Developer Landowner Certificate;
- x. The Utility Agreement;
- xi. The JODA;
- xii. The Adjacent Property Owners Agreement; and
- xiii. The Continuing Disclosure Agreement of the Managing Developer.

B. The Preliminary Limited Offering Memorandum;

C. The final Limited Offering Memorandum relating to the issuance of the Bonds, dated June 6, 2023, as authorized by the City (the “**Limited Offering Memorandum**”); and

D. The certificates described on Exhibit A attached hereto relating to the organization and existence of our Client (“**Managing Developer Certificates**”).

Whenever our opinion or advice with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring to the actual knowledge of the Metcalfe Wolff Stuart & Williams, LLP, attorneys who have given substantive attention to matters concerning the Managing Developer during the course of our representation of the Managing Developer in connection with the Documents, which knowledge has been obtained by such attorneys in their capacity as such after

review of certificates, reports and information provided by the Managing Developer, assuming such certificates, reports and information are accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. Further, the words “**our knowledge**” and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation, that:

- i. all persons other than our Client have duly and validly executed and delivered each instrument, document, and agreement constituting a Document or executed in connection therewith to which such party is a signatory, and each such party’s obligations set forth therein are its legal, valid, and binding obligations, enforceable in accordance with the terms thereof;
- ii. each person executing any such instrument, document, or agreement other than our Client is duly authorized and has the legal power to do so;
- iii. each natural person executing any such instrument, document, or agreement is legally competent to do so;
- iv. there are no oral or written modifications of, or amendments to, the Documents, and there has been no waiver of any of the provisions thereof, by actions or conduct of the parties or otherwise;
- v. all representations of fact set forth in the Documents and in the Managing Developer Certificates are complete and accurate, insofar as such facts pertain to the subject matter of the opinions rendered hereby; and
- vi. all documents submitted to us as originals are complete and authentic, all documents submitted to us as certified, conformed or photostatic copies conform to the original documents, all signatures on all documents submitted to us for examination are genuine, and all public records and certificates of public officials are accurate and complete.

In addition, we have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

We assume that none of the parties to the Documents (other than the Managing Developer) is a party to any court or regulatory proceeding relating to or otherwise affecting the Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the

validity or enforceability thereof. We assume that each of the parties to the Documents (other than the Managing Developer) has full authority to close this transaction in accordance with the terms and provisions of the Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We bring to your attention that as special counsel, we have only been engaged by our Client in connection with the Documents (and the transactions contemplated in the Documents) and do not represent our Client generally.

## **II. Opinions**

Based solely upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that:

A. The Managing Developer is validly existing and is in good standing under the laws of the State of Ohio and is authorized to act and conduct business within the State of Texas.

B. The Managing Developer has the requisite partnership or corporate, as applicable, power to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary partnership or corporate, as applicable, action to authorize the execution and delivery of such Documents and the performance by the Managing Developer of the obligations under such Documents.

C. The execution and delivery by the Managing Developer of the Documents to which it is a party will not:

- i. to our knowledge, violate any provision of any existing law, statute, rule or regulation applicable to the Managing Developer under the laws of the State of Ohio or the State of Texas nor subject the Managing Developer to a fine, penalty or other similar sanctions under any law, statute, rule or regulation applicable to the Managing Developer;
- ii. to our knowledge, violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Managing Developer, nor, to our knowledge, will the performance of the agreements in the Documents violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Managing Developer; or
- iii. violate either of the Managing Developer Basic Documents (as defined on Exhibit A), nor will the performance by the Managing Developer of the agreements in the Documents violate either of the Managing Developer Basic Documents.

D. To our knowledge, the execution, delivery and performance by the Managing Developer of the Documents to which it is a party do not constitute a breach of or default under any existing loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Client is a party or is otherwise subject, which violation, breach or default would materially adversely affect the Managing Developer or the transactions contemplated by the Documents.

E. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Managing Developer of the Documents to which the Managing Developer is a party, other than as are required with respect to the financing transaction evidenced thereby.

F. The Managing Developer has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes the legal, valid and binding obligation of the Managing Developer, enforceable against the Managing Developer in accordance with its terms.

G. No taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Managing Developer on account of its execution or delivery of any of the Documents or the recording or filing of any of the Documents in the Official Public Records of Hays County, Texas, except for normal filing or recording fees.

### **III. Assurances**

Subject to the assumptions, qualifications and limitations set forth herein, we provide you the following assurances:

A. There are no actions, suits or proceedings pending or, to our knowledge, threatened against our Client in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of the Managing Developer; (vi) the operations or financial condition of the Managing Developer that would materially adversely affect those operations or the financial condition of the Managing Developer or (vii) the acquisition and construction of the property and improvements identified in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum the cost of which is to be funded or reimbursed, in whole or in part, by proceeds of the Bonds.

B. As special counsel to the Managing Developer, we reviewed the portions of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the sections "PLAN OF FINANCE — Development Plan" and "— Additional Indebtedness," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," and "THE DEVELOPERS" (only as it pertains to the Managing Developer) and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Managing Developer, the Authorized Improvements and the Development), "LEGAL MATTERS — Litigation — The Developers" (only as it pertains to the Managing Developer), "CONTINUING DISCLOSURE

— The Developers – The Managing Developer” and “— The Developers’ Compliance with Prior Undertakings – Managing Developer,” “SOURCES OF INFORMATION — Developers – Managing Developer,” “APPENDIX E-2” and “APPENDIX G” with such review being limited to information pertaining to the Developers, the Improvement Area #1 Projects and the Development (as defined in the Limited Offering Memorandum) (collectively, the “**Developers Statements**”). We did not participate in the preparation of the documents incorporated by reference in the Limited Offering Memorandum or in the preparation of any other portions of the Limited Offering Memorandum, other than the Developers Statements (provided that we did participate in the preparation of the Service and Assessment Plan, the Financing Agreement, the Managing Developer Landowner Certificate, the JODA, and the Adjacent Property Owners Agreement). We did, however, participate in meetings at which the Managing Developer was present during which the contents of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum were discussed. The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing came to our attention that caused us to believe that the Developer Statements in the Preliminary Limited Offering Memorandum, as of its date and the date of the Bond Purchase Agreement, and the Limited Offering Memorandum, as of its date and the date hereof, contained or contain any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Developer Statements and we do not express any belief with respect to the financial statements or other financial, engineering, statistical or accounting data or information, or any information incorporated by reference or the appendices attached to the Limited Offering Memorandum. The negative assurance provided in this paragraph is furnished by us only to Underwriter, is solely for the benefit of Underwriter in its capacity as Underwriter to assist Underwriter in establishing defenses under applicable securities laws and may not be used, quoted or relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing securities from Underwriter and any other addressees of this letter).

#### **IV. Qualifications**

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions and assurances set forth above are subject to the following assumptions and qualifications:

A. We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.

B. We have relied upon the Managing Developer Certificates, as well as the representations of the Managing Developer contained in the Documents, with respect to certain facts material to our opinion and in providing any assurances contained herein. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

C. Except for the Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Managing Developer is a party or by which the Managing Developer is or may be bound.

D. The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas and the laws of the United States of America, the Ohio Revised Uniform Limited Partnership Act (“**OH LP Act**”), and the Ohio Limited Liability Company Act (“**OH LLC Act**”), excluding the principles of conflicts of laws thereof, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the United States of America, the OH LP Act, and the OH LLC Act. We do not express any opinion as to the judicial decisions construing the OH LP Act and/or OH LLC Act or any other matters of Ohio law other than the text of the OH LP Act and/or OH LLC Act. We do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

E. No opinions or statements are implied beyond those expressly stated in this opinion letter. Without limiting the generality of the preceding sentence, unless explicitly addressed in this opinion letter, the opinions and confirmations set forth in this opinion letter do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (a) securities laws, “Blue Sky” laws, and laws relating to commodity (and other) futures and indices and other similar instruments; (b) margin regulations; (c) pension and employee benefit laws and regulations; (d) antitrust and unfair competition laws; (e) laws concerning filing and notice requirements, other than requirements applicable to charter-related documents such as a certificate of merger; (f) compliance with fiduciary duty requirements; (g) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions, and judicial decisions to the extent that they deal with any of the foregoing matters in this paragraph; (h) the creation, attachment, perfection, or priority of a lien, or security interest in, or to, collateral, or enforcement of a security interest in collateral comprising personal property; (i) environmental laws; (j) zoning, land use, condominium, cooperative, subdivision, and other development laws; (k) tax laws; (l) patent, copyright and trademark, state trademark, and other intellectual property laws; (m) racketeering laws; (n) health and safety laws; (o) labor laws; (p) laws concerning (i) national and local emergency, (ii) possible judicial deference to acts of sovereign states, and (iii) criminal and civil forfeiture; laws of general application to the extent it provides for criminal prosecution (e.g., mail fraud and wire fraud statutes); (r) bulk transfer laws; (s) laws concerning access by the disabled and building codes; (t) title to any property, the characterization of any property as real property, personal property, or fixtures, or the accuracy or sufficiency of any description of collateral or other property; and (u) usury.

F. Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property nor do we express any opinion with regard to the sufficiency or accuracy of any legal descriptions contained in the Documents.

G. The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be

enforceable; but such unenforceability will not, in our judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

H. The opinion expressed herein as to the enforceability of the Documents is specifically subject to the qualification that enforceability of the Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.

I. We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Documents.

J. We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.

K. The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

L. We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

Sincerely,

METCALFE WOLFF STUART & WILLIAMS, LLP

By: \_\_\_\_\_



## **EXHIBIT A**

### **Organizational Documents and Certificates**

1. Limited Liability Company Agreement of M/I Homes of Austin, LLC, an Ohio limited liability company, dated [\_\_\_\_\_].
2. Certified copy of Certificate of Limited Partnership of M/I Homes of Austin, LLC, an Ohio limited liability company, from the Ohio Secretary of State dated [\_\_\_\_\_].
3. Application for Foreign Registration of a Limited Partnership M/I Homes of Austin, LLC, an Ohio limited partnership, filed with the Secretary of State of the State of Texas on [\_\_\_\_\_];
4. Certificate of Authority of a Limited Partnership M/I Homes of Austin, LLC, an Ohio limited partnership, dated [\_\_\_\_\_], 2023.
5. Certificate of Good Standing dated [\_\_\_\_\_], from the Ohio Secretary of State for M/I Homes of Austin, LLC, an Ohio limited partnership.
6. Approval of Bonds and Documents by M/I Homes of Austin, LLC dated [\_\_\_\_\_], 2023.

Items 1-[ ] above are referred to in this opinion letter as the “**Managing Developer Basic Documents.**”

**APPENDIX D-2**

[MCLEAN & HOWARD, LLP  
COUNSEL TO TRI POINTE]

June 29, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

McCall, Parkhurst & Horton L.L.P  
600 Congress Avenue, Suite 2150  
Austin, Texas 78701

Orrick, Herrington & Sutcliffe LLP  
300 W. 6<sup>th</sup> Street, Suite 1850  
Austin, Texas 78701

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100, Austin,  
Texas 78701

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

\$\_[\_\_\_\_\_]

CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(Heritage Public Improvement District Improvement Area #1 Project)

Ladies and Gentlemen:

We have acted as special counsel for Tri Pointe Homes Texas, Inc., a Texas corporation (the “**Tri Pointe**”), in connection with the issuance and sale by the City of Dripping Springs, Texas (the “**City**”) of \$[\_\_\_\_\_] City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) (the “**Bonds**”), pursuant to that certain Indenture of Trust dated as of June 1, 2023 (the “**Indenture**”), by and between the City and Wilmington Trust, National Association, as trustee (the “**Trustee**”). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as “Heritage” (the “**Project**”). Tri Pointe is referred to herein as our “**Client**”.

The Bonds are being sold to FMSbonds, Inc. (the “**Underwriter**”), pursuant to that certain Bond Purchase Agreement dated June 6, 2023, by and between the City and the Underwriter (the “**Bond Purchase Agreement**”). This opinion is being delivered pursuant to Section 10(d) of the Bond Purchase Agreement.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

**I. Assumptions and Bases for Opinions and Assurances**

In our capacity as special counsel to Tri Pointe, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

A. The following documents previously executed or being executed, entered into and/or issued, as the case may be, in connection with the issuance of the Bonds (collectively, the “**Documents**”):

- i. The Indenture;
- ii. The Bond Purchase Agreement;
- iii. Tri Pointe Letter of Representations;
- iv. The Closing Certificate of Tri Pointe, dated June 29, 2023, executed by Tri Pointe pursuant to Section 10(e) of the Bond Purchase Agreement;
- v. The Development Agreement;
- vi. The Financing Agreement;
- vii. The Offsite Road and Trail Agreement;
- viii. The Wastewater Service Agreement;
- ix. The Tri Pointe Landowner Certificate;
- x. The Utility Agreement;
- xi. The JODA;
- xii. The Adjacent Property Owners Agreement; and
- xiii. The Continuing Disclosure Agreement of Tri Pointe.

B. The Preliminary Limited Offering Memorandum;

C. The final Limited Offering Memorandum relating to the issuance of the Bonds, dated June 6, 2023, as authorized by the City (the “**Limited Offering Memorandum**”); and

D. The certificates described on Exhibit A attached hereto relating to the organization and existence of our Client (“**Tri Pointe Certificates**”).

Whenever our opinion or advice with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring to the actual knowledge of the McLean and Howard, LLP, attorneys who have given substantive attention to matters concerning Tri Pointe during the course of our representation of Tri Pointe in connection with the Documents, which knowledge has been obtained by such attorneys in their capacity as such after review of certificates, reports and information provided by Tri Pointe, assuming such certificates, reports and information

are accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. Further, the words “**our knowledge**” and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation, that:

- i. all persons other than our Client have duly and validly executed and delivered each instrument, document, and agreement constituting a Document or executed in connection therewith to which such party is a signatory, and each such party’s obligations set forth therein are its legal, valid, and binding obligations, enforceable in accordance with the terms thereof;
- ii. each person executing any such instrument, document, or agreement other than our Client is duly authorized and has the legal power to do so;
- iii. each natural person executing any such instrument, document, or agreement is legally competent to do so;
- iv. there are no oral or written modifications of, or amendments to, the Documents, and there has been no waiver of any of the provisions thereof, by actions or conduct of the parties or otherwise;
- v. all representations of fact set forth in the Documents and in Tri Pointe Certificates are complete and accurate, insofar as such facts pertain to the subject matter of the opinions rendered hereby; and
- vi. all documents submitted to us as originals are complete and authentic, all documents submitted to us as certified, conformed or photostatic copies conform to the original documents, all signatures on all documents submitted to us for examination are genuine, and all public records and certificates of public officials are accurate and complete.

In addition, we have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

We assume that none of the parties to the Documents (other than Tri Pointe) is a party to any court or regulatory proceeding relating to or otherwise affecting the Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair

the validity or enforceability thereof. We assume that each of the parties to the Documents (other than Tri Pointe) has full authority to close this transaction in accordance with the terms and provisions of the Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We bring to your attention that as special counsel, we have only been engaged by our Client in connection with the Documents (and the transactions contemplated in the Documents) and do not represent our Client generally.

## II. Opinions

Based solely upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that:

A. Tri Pointe is validly existing and is in good standing under the laws of the State of Texas.

B. Tri Pointe has the requisite partnership or corporate, as applicable, power to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary partnership or corporate, as applicable, action to authorize the execution and delivery of such Documents and the performance by Tri Pointe of the obligations under such Documents.

C. The execution and delivery by Tri Pointe of the Documents to which it is a party will not:

i. to our knowledge, violate any provision of any existing law, statute, rule or regulation applicable to Tri Pointe under the laws of the State of Texas nor subject Tri Pointe to a fine, penalty or other similar sanctions under any law, statute, rule or regulation applicable to Tri Pointe;

ii. to our knowledge, violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting Tri Pointe, nor, to our knowledge, will the performance of the agreements in the Documents violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting Tri Pointe; or

iii. violate either of the Tri Pointe Basic Documents (as defined on Exhibit A), nor will the performance by Tri Pointe of the agreements in the Documents violate either of the Tri Pointe Basic Documents.

D. To our knowledge, the execution, delivery and performance by Tri Pointe of the Documents to which it is a party do not constitute a breach of or default under any existing loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Client is

a party or is otherwise subject, which violation, breach or default would materially adversely affect Tri Pointe or the transactions contemplated by the Documents.

E. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by Tri Pointe of the Documents to which Tri Pointe is a party, other than as are required with respect to the financing transaction evidenced thereby.

F. Tri Pointe has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes the legal, valid and binding obligation of Tri Pointe, enforceable against Tri Pointe in accordance with its terms.

G. No taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by Tri Pointe on account of its execution or delivery of any of the Documents or the recording or filing of any of the Documents in the Official Public Records of Hays County, Texas, except for normal filing or recording fees.

### **III. Assurances**

Subject to the assumptions, qualifications and limitations set forth herein, we provide you the following assurances:

A. There are no actions, suits or proceedings pending or, to our knowledge, threatened against our Client in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of Tri Pointe; (vi) the operations or financial condition of Tri Pointe that would materially adversely affect those operations or the financial condition of Tri Pointe or (vii) the acquisition and construction of the property and improvements identified in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum the cost of which is to be funded or reimbursed, in whole or in part, by proceeds of the Bonds.

B. As special counsel to Tri Pointe, we reviewed the portions of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the sections "PLAN OF FINANCE — Development Plan" and "— Additional Indebtedness," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," and "THE DEVELOPERS" (only as it pertains to Tri Pointe) and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to Tri Pointe, the Authorized Improvements and the Development), "LEGAL MATTERS — Litigation — The Developers" (only as it pertains to Tri Pointe), "CONTINUING DISCLOSURE — The Developers – Tri Pointe" and "— The Developers' Compliance with Prior Undertakings – Tri Pointe," "SOURCES OF INFORMATION — Developers – Tri Pointe," "APPENDIX E-3" and "APPENDIX G" with such review being limited to information pertaining to Tri Pointe, the

Improvement Area #1 Projects and the Development (as defined in the Limited Offering Memorandum) (collectively, the “**Tri Pointe Statements**”). We did not participate in the preparation of the documents incorporated by reference in the Limited Offering Memorandum or in the preparation of any other portions of the Limited Offering Memorandum, other than the Tri Pointe Statements (provided that we did participate in the preparation of the Service and Assessment Plan, the Financing Agreement, the Tri Pointe Landowner Certificate, the JODA, and the Adjacent Property Owners Agreement). We did, however, participate in meetings with Tri Pointe during which the contents of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum were discussed. The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing came to our attention that caused us to believe that the Developers Statements in the Preliminary Limited Offering Memorandum, as of its date and the date of the Bond Purchase Agreement, and the Limited Offering Memorandum, as of its date and the date hereof, contained or contain any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Tri Pointe Statements and we do not express any belief with respect to the financial statements or other financial, engineering, statistical or accounting data or information, or any information incorporated by reference or the appendices attached to the Limited Offering Memorandum. The negative assurance provided in this paragraph is furnished by us only to Underwriter, is solely for the benefit of Underwriter in its capacity as Underwriter to assist Underwriter in establishing defenses under applicable securities laws and may not be used, quoted or relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing securities from Underwriter and any other addressees of this letter).

#### **IV. Qualifications**

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions and assurances set forth above are subject to the following assumptions and qualifications:

A. We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.

B. We have relied upon the Tri Pointe Certificates, as well as the representations of Tri Pointe contained in the Documents, with respect to certain facts material to our opinion and in providing any assurances contained herein. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

C. Except for the Documents, we have not reviewed, and express no opinion as to, any

other contracts or agreements to which Tri Pointe is a party or by which Tri Pointe is or may be bound.

D. The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas and the laws of the United States of America, excluding the principles of conflicts of laws thereof, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the United States of America. We do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

E. No opinions or statements are implied beyond those expressly stated in this opinion letter. Without limiting the generality of the preceding sentence, unless explicitly addressed in this opinion letter, the opinions and confirmations set forth in this opinion letter do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (a) securities laws, "Blue Sky" laws, and laws relating to commodity (and other) futures and indices and other similar instruments; (b) margin regulations; (c) pension and employee benefit laws and regulations; (d) antitrust and unfair competition laws; (e) laws concerning filing and notice requirements, other than requirements applicable to charter-related documents such as a certificate of merger; (f) compliance with fiduciary duty requirements; (g) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions, and judicial decisions to the extent that they deal with any of the foregoing matters in this paragraph; (h) the creation, attachment, perfection, or priority of a lien, or security interest in, or to, collateral, or enforcement of a security interest in collateral comprising personal property; (i) environmental laws; (j) zoning, land use, condominium, cooperative, subdivision, and other development laws; (k) tax laws; (l) patent, copyright and trademark, state trademark, and other intellectual property laws; (m) racketeering laws; (n) health and safety laws; (o) labor laws; (p) laws concerning (i) national and local emergency, (ii) possible judicial deference to acts of sovereign states, and (iii) criminal and civil forfeiture; laws of general application to the extent it provides for criminal prosecution (e.g., mail fraud and wire fraud statutes); (r) bulk transfer laws; (s) laws concerning access by the disabled and building codes; (t) title to any property, the characterization of any property as real property, personal property, or fixtures, or the accuracy or sufficiency of any description of collateral or other property; and (u) usury.

F. Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property nor do we express any opinion with regard to the sufficiency or accuracy of any legal descriptions contained in the Documents.

G. The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural



delays which may result therefrom.

H. The opinion expressed herein as to the enforceability of the Documents is specifically subject to the qualification that enforceability of the Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.

I. We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Documents.

J. We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.

K. The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

L. We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

Very truly yours,

---

McLean & Howard, LLP  
Michael Cihock, Partner  
Counsel to Tri Pointe

**EXHIBIT A**

**Organizational Documents and Certificates**

1. Articles of Incorporation of Tri Pointe Homes Texas, Inc., a Texas corporation, dated [\_\_\_\_\_].
2. Certificate of Authority of Tri Pointe Homes Texas, Inc., a Texas corporation, dated [\_\_\_\_\_], 2023.
3. Certificate of Fact dated [\_\_\_\_\_], from the Texas Secretary of State for Tri Pointe Homes Texas, Inc.
4. Approval of Bonds and Documents by Tri Pointe Homes Texas, Inc., dated [\_\_\_\_\_], 2023.

Items 1-[\_\_] above are referred to in this opinion letter as the “**Tri Pointe Basic Documents**”.

## APPENDIX E-1

### CLOSING CERTIFICATE OF MANAGING DEVELOPER

M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”) DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Managing Developer is a limited liability company organized, validly existing and in good standing under the laws of the State of Ohio and duly authorized to do business in the State of Texas.

2. Representatives of the Managing Developer have provided information to City of Dripping Springs, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[\_\_\_\_\_] aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Area #1 Project) (the “Bonds”), pursuant to the City’s Preliminary Limited Offering Memorandum, dated May [\_\_\_], 2023 and Limited Offering Memorandum dated June 6, 2023 (together, the “Limited Offering Memorandum”).

3. The Managing Developer has delivered to the Underwriter and the City true, correct, complete and fully executed copies of each of the Managing Developer’s organizational documents, and such documents have not been amended or supplemented since delivery to the Underwriter and the City and are in full force and effect as of the date hereof.

4. The Managing Developer has delivered to the Underwriter and the City a (i) Certificate of Good Standing from the Ohio Secretary of State, (ii) Certificate of Status from the Texas Secretary of State and (iii) a verification of franchise tax account status from the Texas Secretary of State.

5. The Managing Developer has executed or caused the execution of, and delivered each of the below listed documents (individually, a “Managing Developer Document” and collectively, the “Managing Developer Documents”) in the capacity provided for in each such Managing Developer Document, and each such Managing Developer Document constitutes a valid and binding obligation of the Managing Developer, enforceable against the Managing Developer in accordance with its terms:

(a) The Managing Developer Letter of Representations executed by the Developer dated June 6, 2023;

(b) The Annexation and Development Agreement Planned Development District No. 5: Heritage Subdivision between the City, SLF IV – Dripping Springs JV, L.P., a Texas Limited Partnership (the “Original Owner”), and BobWhite, effective as of October 17, 2017, as assigned to the Developers (as defined herein) (the “Development Agreement”);

(c) The Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement, dated as of December 20, 2022 (the “Financing Agreement”), between the Managing Developer, as joined by Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, Inc. (“Tri Pointe” and, together with the Managing Developer, the “Developers”), and BobWhite Investments, L.P., a Texas limited partnership (“BobWhite”), as consenting parties;

(d) The Offsite Road and Trail Agreement between the City and the Original Owner, effective as of October 17, 2017, as assigned to the Developers (the “Offsite Road and Trail Agreement”);

(e) The Wastewater and Impact Fee Agreement effective as of October 17, 2017, between the City and the Original Owner, as assigned to the Developers (as amended, the “Wastewater Service Agreement”);

(f) The Managing Developer Landowner Certificate executed by the Managing Developer as of June 6, 2023 (the “Managing Developer Landowner Certificate”);

(g) The Water and Wastewater Utility Construction, Conveyance and Service Agreement, effective as of May 18, 2021, executed and delivered by Double Eagle Villages, LLC (“Double Eagle Villages”) and Corix Utilities (Texas), Inc., as assigned by Double Eagle Villages to the Developers (the “Utility Agreement”);

(h) The Joint Ownership and Development Agreement between the Managing Developer and Tri Pointe dated July 27, 2020 (the “JODA”);

(i) The Adjacent Property Owners Agreement between the Developers and BobWhite dated September 29, 2021 (as amended, the “Adjacent Property Owners Agreement”); and

(j) The Continuing Disclosure Agreement of the Managing Developer with respect to the Bonds, dated as of June 1, 2023, executed and delivered by the Managing Developer, the Administrator and the Dissemination Agent (the “Continuing Disclosure Agreement of the Managing Developer”).

6. The Developers and BobWhite owned all of the Assessed Property (as defined in the Service and Assessment Plan) located in Improvement Area #1 of the District on the date that the Assessment Ordinance was adopted and such landowners are not entities that may claim a homestead right under Texas law.

7. Managing Developer has complied in all material respects with all of the Managing Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Managing Developer under the Managing Developer Documents on or prior to the date hereof.

8. The representations and warranties of the Managing Developer contained in the Managing Developer Documents are true and correct in all material respects on and as of the date hereof.

9. The execution and delivery of the Managing Developer Documents by Managing Developer does not violate any judgment, order, writ, injunction or decree binding on the Managing Developer or any indenture, agreement, or other instrument to which Managing Developer is a party. There are no proceedings pending or threatened in writing before any court or administrative agency against the Managing Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Managing Developer to perform their obligations under the Managing Developer Documents in all material respects, that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum, or with respect to the acquisition and construction of the property and improvements identified in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum the cost of which is to be funded or reimbursed, in whole or in part, by proceeds of the Bonds.

10. The Managing Developer has reviewed and approved the information contained in the Preliminary Limited Offering Memorandum under the “PLAN OF FINANCE — Development Plan” and “— Additional Indebtedness,” “OVERLAPPING TAXES AND DEBT — Homeowners’ Association,” “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” and “THE DEVELOPERS” (only as it pertains to the Managing Developer) and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Managing Developer, the Authorized Improvements and the Development), “LEGAL MATTERS — Litigation — The Developers” (only as it pertains to the Managing Developer), “CONTINUING DISCLOSURE — The Developers – The Managing Developer” and “— The Developers’ Compliance with Prior Undertakings – Managing Developer,” “SOURCES OF INFORMATION — Developers – Managing Developer,” “APPENDIX E-2” and “APPENDIX G” (collectively, the “Master Developer Disclosures”) and certify that the information contained in the Managing Developer Disclosures is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Preliminary Limited Offering Memorandum and as of the date of the Limited Offering Memorandum; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Preliminary Limited Offering Memorandum.

11. The Managing Developer has reviewed and approved the information contained in the Managing Developer Disclosures in the Limited Offering Memorandum and certifies that the same is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Limited Offering Memorandum and as of the date hereof; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

12. The Managing Developer is in compliance in all material respects with all provisions of applicable law relating to the Managing Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) there is no default of any zoning condition, land use permit or development agreement binding upon the

Managing Developer or any portion of the Development that would materially and adversely affect the Managing Developer's ability to complete or cause to be completed the development of such portion of the Development as described in the Limited Offering Memorandum; and (b) we have no reason to believe that any additional permits, consents and licenses required to complete the Development as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

13. The Managing Developer is not insolvent and have not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

14. The levy of the Assessments (as defined in the Limited Offering Memorandum) on property in Improvement Area #1 of the District owned by Managing Developer will not conflict with or constitute a breach of or default under any agreement, mortgage, deed of trust, indenture or other instrument to which the Managing Developer is a party or to which the Managing Developer or any of its property or assets is subject.

15. The Managing Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets are subject, which default would have a material and adverse effect on the Bonds, the Managing Developer's ability to perform its respective obligations under the Managing Developer Documents, or the development of the Development.

16. The Managing Developer has no knowledge of any physical condition of the Development owned or to be developed by the Managing Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: June 29, 2023

*[Signature page to follow]*

**MANAGING DEVELOPER:**

**M/I HOMES OF AUSTIN, LLC,**  
an Ohio limited liability company

By: \_\_\_\_\_  
Name: William G. Peckman  
Title: Area President

*[Signature page of Closing Certificate of Managing Developer]*

## APPENDIX E-2

### CLOSING CERTIFICATE OF TRI POINTE

Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, Inc. (“Tri Pointe”) DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. Tri Pointe is a corporation organized, validly existing and in good standing under the laws of the State of Texas.

2. Representatives of Tri Pointe have provided information to City of Dripping Springs, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[\_\_\_\_\_] aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Heritage Pubic Improvement District Area #1 Project) (the “Bonds”), pursuant to the City’s Preliminary Limited Offering Memorandum, dated May [\_\_\_], 2023, and Limited Offering Memorandum dated June 6, 2023 (together, the “Limited Offering Memorandum”).

3. Tri Pointe has delivered to the Underwriter and the City true, correct, complete and fully executed copies of each of Tri Pointe’s organizational documents, and such documents have not been amended or supplemented since delivery to the Underwriter and the City and are in full force and effect as of the date hereof.

4. Tri Pointe has delivered to the Underwriter and the City (i) a Certificate of Status from the Texas Secretary of State and (ii) a verification of franchise tax account status from the Texas Secretary of State.

5. Tri Pointe has executed or caused the execution of, and delivered each of the below listed documents (individually, a “Tri Pointe Document” and collectively, the “Tri Pointe Documents”) in the capacity provided for in each such Tri Pointe Document, and each such Tri Pointe Document constitutes a valid and binding obligation of Tri Pointe, enforceable against Tri Pointe in accordance with its terms:

(a) Tri Pointe Letter of Representations executed by the Developer dated June 6, 2023;

(b) The Annexation and Development Agreement Planned Development District No. 5: Heritage Subdivision between the City, SLF IV – Dripping Springs JV, L.P., a Texas Limited Partnership (the “Original Owner”), and BobWhite, effective as of October 17, 2017, as assigned to the Developers (the “Development Agreement”);

(c) The Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement, dated as of December 20, 2022 (the “Financing Agreement”), between the M/I Homes of Austin, LLC, an Ohio limited liability company (the “Managing Developer”), as joined by Tri Pointe (“together with the Managing



Developer, the “Developers”), and BobWhite Investments, L.P., a Texas limited partnership (“BobWhite”), as consenting parties;

(d) The Offsite Road and Trail Agreement between the City and the Original Owner, effective as of October 17, 2017, as assigned to the Developers (the “Offsite Road and Trail Agreement”);

(e) The Wastewater and Impact Fee Agreement effective as of October 17, 2017, between the City and the Original Owner, as assigned to the Developers (as amended, the “Wastewater Service Agreement”);

(f) The Tri Pointe Landowner Certificate executed by Tri Pointe as of June 6, 2023 (the “Tri Pointe Landowner Certificate”);

(g) The Water and Wastewater Utility Construction, Conveyance and Service Agreement, effective as of May 18, 2021, executed and delivered by Double Eagle Villages, LLC (“Double Eagle Villages”) and Corix Utilities (Texas), Inc., as assigned by Double Eagle Villages to the Developers (the “Utility Agreement”);

(h) The Joint Ownership and Development Agreement between the Managing Developer and Tri Pointe dated July 27, 2020 (the “JODA”);

(i) The Adjacent Property Owners Agreement between the Developers and BobWhite dated September 29, 2021 (as amended, the “Adjacent Property Owners Agreement”); and

(j) The Continuing Disclosure Agreement of the Managing Developer with respect to the Bonds, dated as of June 1, 2023 executed and delivered by the Managing Developer, the Administrator and the Dissemination Agent (the “Continuing Disclosure Agreement of the Managing Developer”).

6. The Developers and BobWhite owned all of the Assessed Property (as defined in the Service and Assessment Plan) located in Improvement Area #1 of the District on the date that the Assessment Ordinance was adopted and such landowners are not entities that may claim a homestead right under Texas law.

7. Tri Pointe has complied in all material respects with all of Tri Pointe’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by Tri Pointe under the Tri Pointe Documents on or prior to the date hereof.

8. The representations and warranties of Tri Pointe contained in the Tri Pointe Documents are true and correct in all material respects on and as of the date hereof.

9. The execution and delivery of the Tri Pointe Documents by Tri Pointe does not violate any judgment, order, writ, injunction or decree binding on Tri Pointe or any indenture, agreement, or other instrument to which Tri Pointe is a party. There are no proceedings pending or threatened in writing before any court or administrative agency against Tri Pointe that is either not covered by insurance or which singularly or collectively would have a material, adverse effect

on the ability of Tri Pointe to perform their obligations under the Tri Pointe Documents in all material respects, that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum, or with respect to the acquisition and construction of the property and improvements identified in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum the cost of which is to be funded or reimbursed, in whole or in part, by proceeds of the Bonds.

10. Tri Pointe has reviewed and approved the information contained in the Preliminary Limited Offering Memorandum under the “PLAN OF FINANCE — Development Plan” and “THE DEVELOPERS” (only as it pertains to Tri Pointe) and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to Tri Pointe and the Development), “LEGAL MATTERS — Litigation — The Developers” (only as it pertains to Tri Pointe), “CONTINUING DISCLOSURE — The Developers – Tri Pointe” and “— The Developers’ Compliance with Prior Undertakings – Tri Pointe,” “SOURCES OF INFORMATION — Developers – Tri Pointe,” “APPENDIX E-3” and “APPENDIX G” (collectively, the “Tri Pointe Disclosures”) and certify that the information contained in Tri Pointe Disclosures is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Preliminary Limited Offering Memorandum and as of the date of the Limited Offering Memorandum; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Preliminary Limited Offering Memorandum.

11. Tri Pointe has reviewed and approved the information contained in the Tri Pointe Disclosures in the Limited Offering Memorandum and certifies that the same is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Limited Offering Memorandum and as of the date hereof; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

12. Tri Pointe is in compliance in all material respects with all provisions of applicable law relating to Tri Pointe in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) there is no default of any zoning condition, land use permit or development agreement binding upon Tri Pointe or any portion of the Development that would materially and adversely affect Tri Pointe’s ability to complete or cause to be completed the development of such portion of the Development as described in the Limited Offering Memorandum; and (b) we have no reason to believe that any additional permits, consents and licenses required to complete the Development as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

13. Tri Pointe is not insolvent and have not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

14. The levy of the Assessments (as defined in the Limited Offering Memorandum) on property in Improvement Area #1 of the District owned by Tri Pointe will not conflict with or constitute a breach of or default under any agreement, mortgage, deed of trust, indenture or other instrument to which Tri Pointe is a party or to which Tri Pointe or any of its property or assets is subject.

15. Tri Pointe is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets are subject, which default would have a material and adverse effect on the Bonds, Tri Pointe's ability to perform its respective obligations under the Tri Pointe Documents, or the development of the Development.

16. Tri Pointe has no knowledge of any physical condition of the Development owned or to be developed by Tri Pointe that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: June 29, 2023

*[Signature page to follow]*

**TRI POINTE HOMES TEXAS, INC.,**  
a Texas corporation

By: \_\_\_\_\_  
Name: Bryan R. Havel  
Title: Division President

*[Signature page of Closing Certificate of Tri Pointe]*

**APPENDIX F**

[BARLETTA & ASSOCIATES, INC.]

June 6, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

McCall, Parkhurst & Horton L.L.P  
600 Congress Avenue, Suite 2150  
Austin, Texas 78701

Orrick, Herrington & Sutcliffe LLP  
300 W. 6<sup>th</sup> Street, Suite 1850  
Austin, Texas 78701

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100,  
Austin, Texas 78701

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

Re: City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023  
(Heritage Public Improvement District Improvement Area #1 Project) (the  
“Bonds”)

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_, appraiser of the property contained in Improvement Area #1 of the Heritage Public Improvement District (the “District”), does hereby represent the following:

1. On behalf of Barletta & Associates, Inc. I have supplied certain information contained in the Preliminary Limited Offering Memorandum for the Bonds, dated May [\_\_\_], 2023, and the Limited Offering Memorandum for the Bonds, dated on or about June 6, 2023 (together, the “Limited Offering Memorandum”), relating to the issuance of the Bonds by the City of Dripping Springs, Texas, as described above. The information I have provided is the real estate appraisal of the property in Improvement Area #1 of the District, located in APPENDIX F to the Limited Offering Memorandum, and the description thereof, set forth under the caption “APPRAISAL.”

2. To the best of my professional knowledge and belief, as of the date of my appraisal report, the portion of the Limited Offering Memorandum described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the inclusion of the Appraisal in the Limited Offering Memorandum and the use of the name of my firm in the Limited Offering Memorandum for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about June 29, 2023) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representations.

Sincerely yours,

BARLETTA & ASSOCIATES, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## APPENDIX G

### [LETTERHEAD OF ADMINISTRATOR]

June 6, 2023

City of Dripping Springs, Texas  
511 Mercer Street  
Dripping Springs, Texas 78620

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

McCall, Parkhurst & Horton L.L.P  
600 Congress Avenue, Suite 2150  
Austin, Texas 78701

Orrick, Herrington & Sutcliffe LLP  
300 W. 6<sup>th</sup> Street, Suite 1850  
Austin, Texas 78701

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100,  
Austin, Texas 78701

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

Re: City of Dripping Springs, Texas, Special Assessment Revenue Bonds, Series 2023  
(Heritage Public Improvement District Improvement Area #1 Project) (the  
“Bonds”)

Ladies and Gentlemen:

The undersigned, an authorized representative of P3Works, LLC (“P3 Works,” consultant in connection with the creation by the City of Dripping Springs, Texas (the “City”), of the Heritage Public Improvement District (the “District”), does hereby represent the following:

1. P3 Works has supplied certain information contained in the Preliminary Limited Offering Memorandum, dated May [ ], 2023 (the “Preliminary Limited Offering Memorandum”), and the final Limited Offering Memorandum, dated on or about June 6, 2023 (together with the Preliminary Limited Offering Memorandum, the “Limited Offering Memorandum”), both in connection with the Bonds, relating to the issuance of the Bonds by the City, as described above. The information P3 Works provided for the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum is located (a) under the captions “ASSESSMENT PROCEDURES,” “OVERLAPPING TAXES AND DEBT – Overlapping Taxes” and “THE PID ADMINISTRATOR” and (b) in the Service and Assessment Plan (the “SAP”) for the City located in APPENDIX C to the Limited Offering Memorandum.

2. To our professional knowledge and belief, the portions of the Limited Offering Memorandum described above do not contain an untrue statement of a material fact as to the information and data set forth therein, and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. We agree to the inclusion of the SAP in the Limited Offering Memorandum and to the use of the name of our firm in the Limited Offering Memorandum for the Bonds.

4. We agree that, to the best of our ability, we will inform you immediately should we learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about June 29, 2023) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

5. The undersigned hereby represents that he or she has been duly authorized to execute this letter of representation.

Sincerely yours,



**EXHIBIT C**

CONTINUING DISCLOSURE AGREEMENT

**CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of June 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and among the City of Dripping Springs, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of June 1, 2023, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act.

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the current Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collection Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Financial Information Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Filing Date is currently March 31.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessments” shall mean the “Improvement Area #1 Assessments” as such term is defined in the Indenture.

“Audited Financial Statements” shall mean the audited financial statements of the Issuer that have been prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant.

“Audited Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Audited Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Audited Financials Filing Date is currently September 30.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Managing Developer” shall mean, M/I Homes of Austin, LLC, an Ohio limited liability company, including its affiliates, successors and assigns.

“Disclosure Agreement of Managing Developer” shall mean the City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of the Managing Developer dated as of June 1, 2023 executed and delivered by the Managing Developer, the Administrator and the Dissemination Agent.

“Disclosure Agreement of Tri Pointe” shall mean the City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2023 (Heritage Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of Tri Pointe dated as

of June 1, 2023 executed and delivered by Tri Pointe, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the City Administrator of the Issuer or his or her designee, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Heritage Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Collections Report Filing Date, Audited Financials Filing Date and an Annual Information Filing Date, or, individually, as the context requires, an Annual Collections Report Filing Date, Audited Financials Filing Date or an Annual Information Filing Date.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the one-year period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner(s)” shall mean the registered owner(s) of any Bonds, as shown in the register maintained by the Trustee.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall mean the payment of all or a portion of an Assessment before the due date of the final installment thereof.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in Section 4(a)(3) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Tri Pointe” means Tri Pointe Homes Texas, Inc., a Texas corporation formerly known as Trendmaker Homes, including its affiliates, successors and assigns.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2023, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, (i) not later than the Annual Financial Information Filing Date, the Annual Financial Information provided to the Dissemination Agent which complies with the requirements specified in Section 4 of this Disclosure Agreement and (ii) not later than twelve (12) months after the end of the Issuer’s Fiscal Year, its Audited Financial Statements. In each case, the Annual Financial Information and the Audited Financial Statements may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Financial Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the applicable Filing Date, the Issuer shall provide the Annual Financial Information or Audited Financial Statements, as applicable, to the Dissemination Agent together with written direction to file such Annual Financial Information or Audited Financial Statements with the MSRB. The Dissemination Agent shall provide such Annual Financial Information

or Audited Financial Statements to the MSRB not later than ten (10) days from receipt of such Annual Financial Information or Audited Financial Statements from the Issuer, but in no event later than the applicable Filing Dates for such Fiscal Year.

If by the fifth (5<sup>th</sup>) day before each Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Financial Information or Audited Financial Statements pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Audited Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Financial Information Filing Date or the Audited Financial Statements by the Audited Financials Filing Date, state the date by which the Annual Financial Information or Audited Financial Statements for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Financial Information, Audited Financial Statements or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the applicable Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and Audited Financial Statements; and

(ii) file the Annual Financial Information and Audited Financial Statements containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or Audited Financial Statements, as applicable, together with written instructions to file such financing information or financial statements with the MSRB, and the Dissemination Agent has filed such Annual Financial Information or Audited Financial Statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or Audited Financial Statements has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Financial Information and Audited Financial Statements. The Annual Financial Information and Audited Financial Statements shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) Annual Financial Information. By the Annual Financial Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) for the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount, the aggregate principal amount Outstanding and the total interest amount due on aggregate principal amount Outstanding;

(B) the amounts in the funds and accounts securing the Bonds and a description of the related investments; and

(C) the assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year.

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a “SAP Update”).

(iv) Until certificates of occupancy (“COs”) have been issued (or, if COs are not issued upon completion of construction of single-family dwellings, approval of the final inspection has been granted) for lots representing, in the aggregate, ninety-five percent (95%) of the total single-family residential lots within Improvement Area #1, the Annual Financial Information (in the SAP Update or otherwise) shall include the following:

(A) the number of COs issued for new homes completed in Improvement Area #1 during such Fiscal Year; and

(B) the aggregate number of COs issued for new homes completed within Improvement Area #1 since filing the initial Annual Financial Information for Fiscal Year ended September 30, 2023.

(v) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(vi) Until such time as the permits are final and unappealable, a description of the status of the Texas Commission of Environmental Quality wastewater Permit No. WQ0014488003 and the second amendment to Permit No. WQ0014488001.

(b) *Audited Financial Statements.* By the Audited Financials Filing Date, the Audited Financial Statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant. If the Audited Financial Statements of the Issuer are not available by the Audited Financials Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Audited Financials Filing Date and Audited Financial Statements as described in the preceding sentence when and if available.

(c) A form for submitting the information set forth in Section 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information and Audited Financial Statements under this Section 4.

#### SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5, provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5<sup>th</sup>) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination



Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1<sup>st</sup>) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the City shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

#### SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The sale by the Managing Developer or Tri Pointe of real property within Improvement Area #1 will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the issuance of additional bonds, if any, under the Indenture or the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination

Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

**SECTION 7. Termination of Reporting Obligations.** The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination

occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association. The Issuer will give prompt written notice to the Managing Developer, Tri Pointe, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe, as applicable, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe, as applicable. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer or the Administrator in writing), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis

of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information, Audited Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Audited Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Audited Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe and a default under the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Managing Developer or Tri Pointe or the failure of the Managing Developer or Tri Pointe to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe, respectively. The obligations of the Issuer under this Section shall survive termination of this

Disclosure Agreement, resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an “obligated person” under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Financial Information in accordance with Section 3(a) or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Financial Information or Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Administrator’s negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Managing Developer or Tri Pointe to provide information to the Administrator as and when required under the Disclosure Agreement of Managing Developer or Disclosure Agreement of Tri Pointe, respectively. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the

provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person

or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement; provided, however, notwithstanding anything herein to the contrary, the Dissemination Agent and Administrator agree that when aggregated their compensation hereunder will not exceed the dollar limitation set forth in Section 2271.002(a)(2) and Section 2274.002(a)(2) of the Texas Government Code. The Issuer, Dissemination Agent and Administrator hereby certify that this Disclosure Agreement does not have a value that exceeds the dollar limitation set forth in Section 2271.002(a)(2) and Section 2274.002(a)(2) of the Texas Government Code and is therefore exempt from Chapter 2271.002, Texas Government Code and Chapter 2274, Texas Government Code (as added by Senate Bill 13 and Senate Bill 19 in the 87th Texas Legislative Session).

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent and the Administrator, each respectively, represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent and Administrator, each respectively, understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator's participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The Issuer hereby



confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[Signature pages follow]*

CITY OF DRIPPING SPRINGS, TEXAS  
(as Issuer)

By: \_\_\_\_\_  
Mayor

WILMINGTON TRUST, NATIONAL  
ASSOCIATION  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
[ANNUAL FINANCIAL INFORMATION][AUDITED][UNAUDITED] FINANCIAL  
INFORMATION][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: City of Dripping Springs, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023  
(Heritage Public Improvement District Improvement Area #1  
Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Dripping Springs, Texas, has not provided [Annual Financial Information][[audited][unaudited] financial statements][the Annual Collections Report] for fiscal year ended \_\_\_\_\_ with respect to the Bonds as required by the Continuing Disclosure Agreement of the Issuer dated as of June 1, 2023, by and among the Issuer, P3Works, LLC, as the “Administrator,” and Wilmington Trust, National Association, as “Dissemination Agent.” The Issuer anticipates that [the Annual Financial Information][[audited][unaudited] financial statements][the Annual Collections Report] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Wilmington Trust, National Association,  
on behalf of City of Dripping Springs, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Dripping Springs, Texas

**EXHIBIT B**

**CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL FINANCIAL INFORMATION<sup>1</sup>**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOS: [insert CUSIP NOs.]

**DISSEMINATION AGENT**

Name: Wilmington Trust, National Association  
Address: [\_\_\_\_\_] \_\_\_\_\_  
City: [\_\_\_\_\_, Texas \_\_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_ - \_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

**Section 4(a)(i)(A)**

**BONDS OUTSTANDING**

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

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<sup>1</sup> Excluding Audited Financial Statements of the Issuer.

**Section 4(a)(i)(B)**

**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

**Section 4(a)(i)(C)**

**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[ ]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
<b>Net Position of Trust Estate and Outstanding Bonds and Assessments</b>		A-B+C

September 30, 20[ ] Trust Statements:        Audited            Unaudited

Accounting Type:        Cash            Accrual        Modified Accrual

**Section 4(a)(ii)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR**

**Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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**Top [Five] Assessment Payers in Improvement Area #1<sup>(1)</sup>**

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Assessments</u>	<u>Percentage of Total Assessments</u>
-----------------------	----------------------------	---------------------------------------	------------------------------------	--

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the land in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Hays Central Appraisal District.

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied<sup>(1)</sup></u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected<sup>(2)</sup></u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

<sup>(1)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

<sup>(2)</sup> [Does/does not] include interest and penalties.

**Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due**

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		



**History of Prepayment of Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
20__				
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

**ITEMS REQUIRED BY SECTIONS 4(a)(iii) – (vi) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO CITY OF DRIPPING SPRINGS, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (HERITAGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**[Insert a line item for each applicable listing]**

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**EXHIBIT C**

**CITY OF DRIPPING SPRINGS, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(HERITAGE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL COLLECTIONS REPORT**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOSs: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: Wilmington Trust, National Association  
Address: [\_\_\_\_\_]\_\_\_\_\_  
City: [\_\_\_\_\_, Texas \_\_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_ - \_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO COLLECTION OF THE ASSESSMENTS COVERING THE PERIOD BEGINNING WITH THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN COMPLIANCE WITH SECTION 5(A) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO CITY OF DRIPPING SPRINGS, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (HERITAGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**Foreclosure History Related To The Annual Installments<sup>(1)</sup>**

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$ _____		\$ _____		\$ _____

(i) Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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**Collection and Delinquency Annual Installments**<sup>(1)</sup>

Succeeding Fiscal Year	Total Annual Installment Levied	Parcels Levied <sup>(2)</sup>	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Total Annual Installments Collected <sup>(3)</sup>
20__	\$		\$	%	\$

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

<sup>(2)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments**<sup>(1)</sup>

Succeeding Fiscal Year	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
		\$		\$

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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**EXHIBIT D**

**BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>**

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
[February 15]	15	<p>Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. <b>If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.</b></p> <p>Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding [March and September].</p> <p>At this point, if there is adequate funding for [March and September] payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure, in accordance with</b></p>

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Hays County Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

the Hays County Tax Assessor-Collector's procedures<sup>2</sup>.

**If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Hays County Tax Assessor-Collector procedures<sup>2</sup>.**

March 15

43/44

Trustee pays Bond interest payments to Owners.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

**Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.**

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Hays County Tax Assessor-Collector procedures<sup>2</sup>.

**Preliminary Foreclosure activity commences, in accordance with the Hays County Tax Assessor-Collector procedures<sup>2</sup>, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.**

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

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<sup>2</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

**Foreclosure action to be filed with the court, in accordance with the Hays County Tax Assessor-Collector procedures<sup>3</sup>.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.**

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the City Administrator to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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<sup>3</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.