

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2021

THE SERIES 2021 MIA BONDS ARE INITIALLY OFFERED ONLY TO PERSONS WHO MEET THE DEFINITION OF (1) "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933), OR (2) "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS".

In the opinion of Bond Counsel, interest on the Series 2021 MIA Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. See "TAX MATTERS — Tax Exemption" herein for a discussion of Bond Counsel's opinion.

\$7,090,000*

CITY OF MANOR, TEXAS,

(a municipal corporation of the State of Texas located in Travis County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021

(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

Dated Date: May 1, 2021

Due: September 15, as shown on the inside cover page

Interest to Accrue from Delivery Date (defined below)

The City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the "Series 2021 MIA Bonds"), are being issued by the City of Manor, Texas (the "City"). The Series 2021 MIA Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$5,000 in excess thereof, or such smaller amount authorized by the Indenture (as defined below); provided, however, that upon receipt by the Paying Agent/Registrar of written evidence that the Series 2021 MIA Bonds have received an Investment Grade Rating (as defined in the Indenture), authorized denomination shall mean \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2021 MIA Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing September 15, 2021^{*}, until maturity or earlier redemption. The Series 2021 MIA Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. No physical delivery of the Series 2021 MIA Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Series 2021 MIA Bonds will be paid from the sources described herein by UMB Bank, N.A., as trustee (the "Trustee"), to Cede & Co. as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Series 2021 MIA Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on May 5, 2021, and an Indenture of Trust, dated May 1, 2021, (the "Indenture"), entered into by and between the City and the Trustee.

Proceeds of the Series 2021 MIA Bonds will be used to provide funds for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds. See "THE MAJOR IMPROVEMENT AREA PROJECTS" and "APPENDIX B — Form of Indenture." Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Series 2021 MIA Bonds, when issued and delivered, will constitute valid and binding special and limited obligations of the City payable solely from and secured by the Trust Estate (as defined herein), consisting primarily of Assessments (as defined herein) levied against assessable properties in the Major Improvement Area (as defined herein) of the Manor Heights Public Improvement District (the "District") in accordance with a Service and Assessment Plan (as defined herein), all to the extent and upon the conditions described herein. The Bonds (as defined herein) are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE BONDS."

The Series 2021 MIA Bonds involve a substantial degree of risk and are not suitable for all investors. See "BONDHOLDERS RISKS" and "SUITABILITY FOR INVESTMENT." Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2021 MIA Bonds, should consult with their legal and financial advisors before considering a purchase of the Series 2021 MIA Bonds, and should be willing to bear the risks of loss of their investment in the Series 2021 MIA Bonds. The Series 2021 MIA Bonds are not credit enhanced or rated and no application has been made for a rating on the Series 2021 MIA Bonds.

THE SERIES 2021 MIA BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2021 MIA BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2021 MIA BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2021 MIA BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2021 MIA BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2021 MIA BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "SECURITY FOR THE BONDS."

This cover page contains certain information for quick reference only. It is not a summary of the Series 2021 MIA Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Series 2021 MIA Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Series 2021 MIA Bonds by the Attorney General of Texas and the receipt of the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, as to the validity of the Series 2021 MIA Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its special counsel, Metcalfe Wolff Stuart & Williams LLP. It is expected that the Series 2021 MIA Bonds will be delivered in book-entry form through the facilities of DTC on or about [May 27, 2021] (the "Delivery Date").

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____^(a)

\$7,090,000*
CITY OF MANOR, TEXAS,
(a municipal corporation of the State of Texas located in Travis County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield ____%; CUSIP ____^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield ____%; CUSIP ____^{(a) (b) (c)}

* *Preliminary; subject to change.*

- (a) CUSIP numbers are included solely for the convenience of owners of the Series 2021 MIA Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City’s Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- (b) The Series 2021 MIA Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after [_____, 20__], at the redemption price of 100% of the principal amount plus accrued interest to the date of redemptions as described herein under “DESCRIPTION OF THE SERIES 2021 MIA BONDS — Redemption Provisions.”
- (c) The Series 2021 MIA Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under “DESCRIPTION OF THE SERIES 2021 MIA BONDS — Redemption Provisions.”

**CITY OF MANOR, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires (November)</u>
Dr. Larry Wallace Jr.	Mayor	2021
Emily Hill	Place 1	2021
Anne Weir	Place 2	2022
Dr. Christopher Harvey	Place 3, Mayor Pro Tem	2021
Sonia Wallace	Place 4	2022
Deja Hill	Place 5	2021
Gene Kruppa	Place 6	2022

CITY MANAGER
Thomas M. Bolt

CITY SECRETARY
Lluvia T. Almaraz

DIRECTOR OF FINANCE
Lydia M. Collins

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
SAMCO Capital Markets, Inc.

BOND COUNSEL
Bickerstaff Heath Delgado Acosta LLP

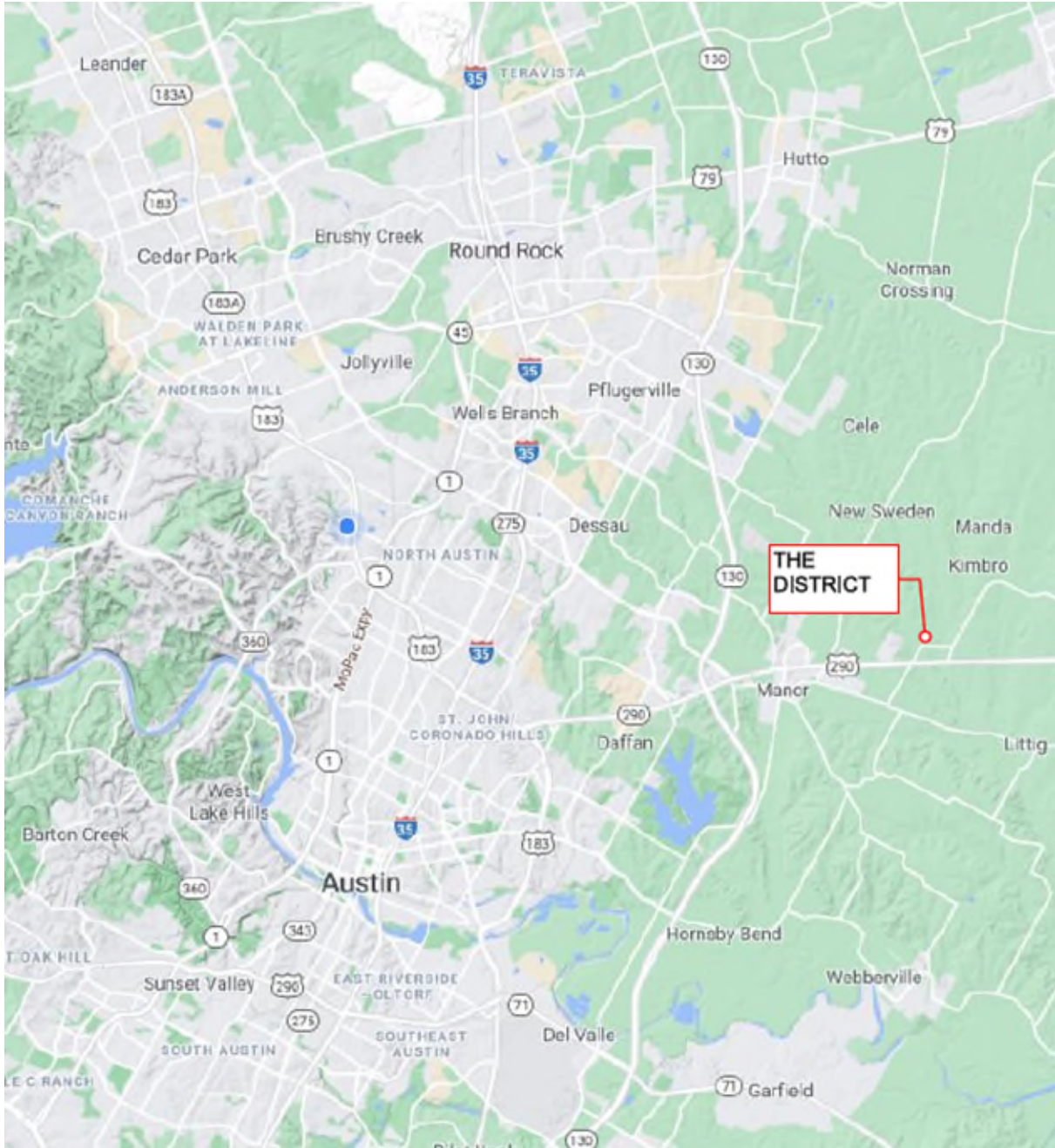
UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

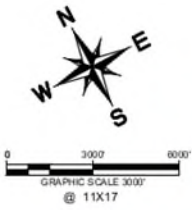
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Christina M. Lane
Senior Managing Director, Austin
SAMCO Capital Markets, Inc.
6805 N. Capital of Texas Highway, Suite 350
Austin, Texas 78731
(512) 914-0683
clane@samcocapital.com

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



LEGEND

- CITY LIMITS
- MANOR HEIGHTS DISTRICT BOUNDARY

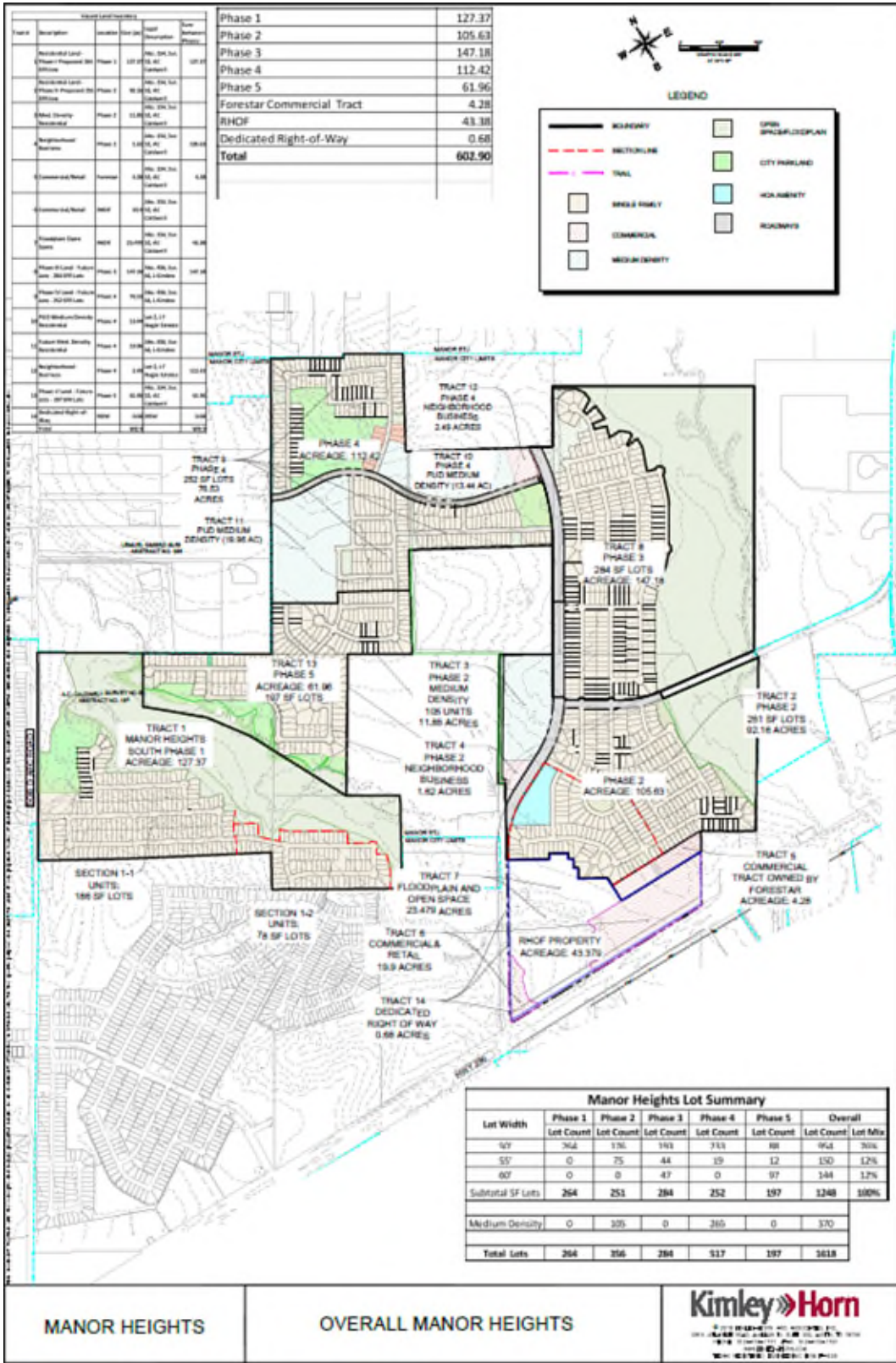


MAP OF TERRITORY WITH DISTRICT LOCATION WITHIN CITY TERRITORY

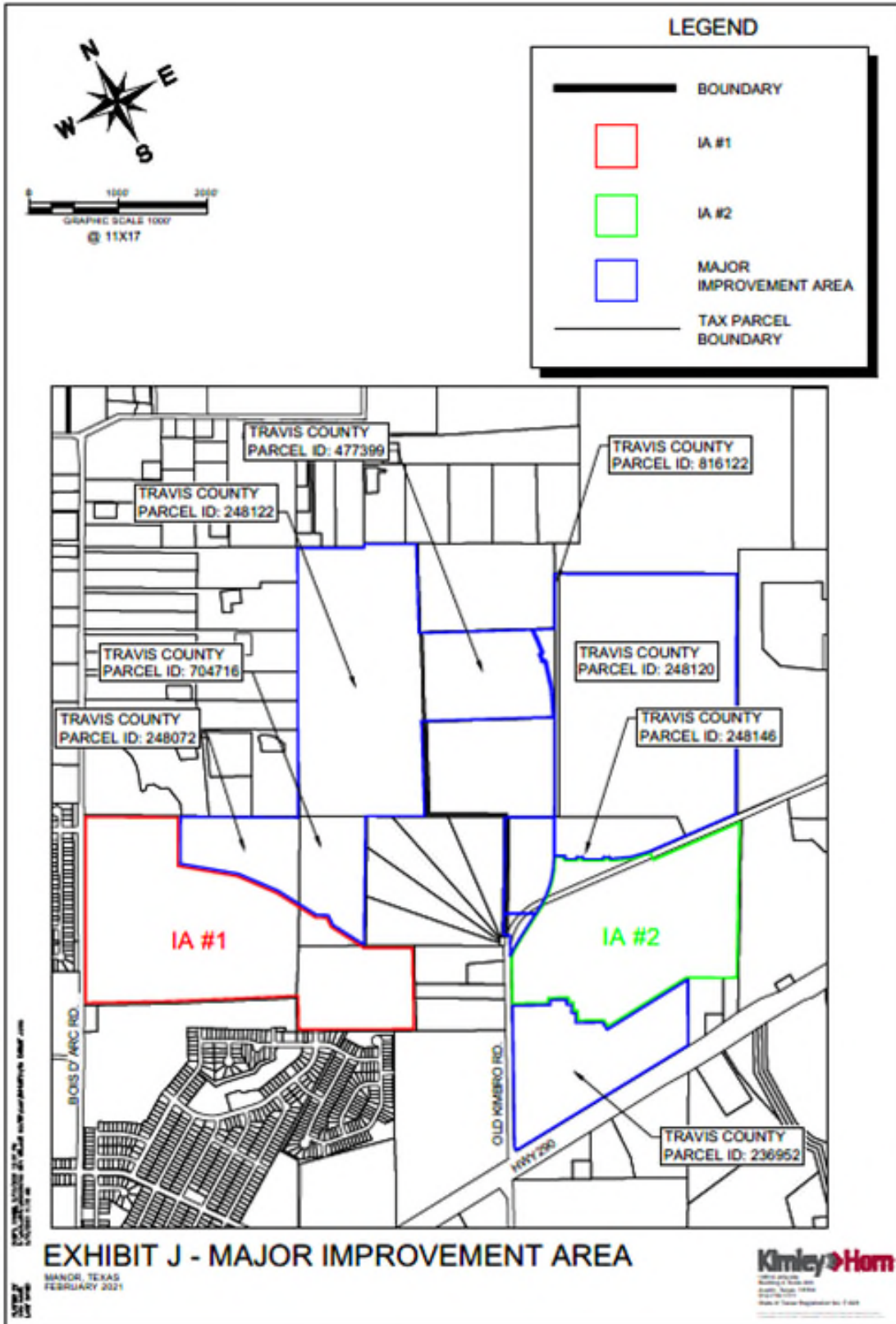
MANOR, TEXAS
 MARCH 2021
DATE MADE: 03/01/21
 LAST SALES: 03/01/21



MAP SHOWING BOUNDARIES OF THE DISTRICT



MAP SHOWING IMPROVEMENT AREA #1, IMPROVEMENT AREA #2 AND MAJOR IMPROVEMENT AREA OF THE DISTRICT



FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM, THIS DOCUMENT CONSTITUTES AN “OFFICIAL STATEMENT” OF THE CITY WITH RESPECT TO THE SERIES 2021 MIA BONDS THAT HAS BEEN “DEEMED FINAL” BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE SERIES 2021 MIA BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INITIAL PURCHASERS ARE ADVISED THAT THE SERIES 2021 MIA BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2021 MIA BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE SERIES 2021 MIA BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE SERIES 2021 MIA BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS” HEREIN. EACH INITIAL PURCHASER, BY ACCEPTING THE SERIES 2021 MIA BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

THE SERIES 2021 MIA BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2021 MIA BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, HAVE PASSED UPON THE MERITS OF THE SERIES 2021 MIA BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE

UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SERIES 2021 MIA BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Limited Offering Memorandum for purposes of, and as that term is defined in, the Rule.

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* Preliminary; subject to change.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$7,090,000*

CITY OF MANOR, TEXAS,

(a municipal corporation of the State of Texas located in Travis County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021

(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover page and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Manor, Texas (the “City”), of its \$7,090,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”).

INITIAL PURCHASERS ARE ADVISED THAT THE SERIES 2021 MIA BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, AND/OR INTEREST ON THE SERIES 2021 MIA BONDS. THE SERIES 2021 MIA BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “BONDHOLDERS’ RISKS,” AND “SUITABILITY FOR INVESTMENT.”

The Series 2021 MIA Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on May 5, 2021 (the “Bond Ordinance”), and an Indenture of Trust, dated May 1, 2021, (the “Indenture”), entered into by and between the City and the Trustee. The Series 2021 MIA Bonds will be secured by special assessments (the “Major Improvement Area Assessments”) levied against assessable property located within the Major Improvement Area (the “Major Improvement Area Assessed Property”) of the Manor Heights Public Improvement District (the “District”) pursuant to a separate ordinance expected to be adopted by the City Council on May 5, 2021 (the “Assessment Ordinance”).

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Series 2021 MIA Bonds. All capitalized terms used in this Limited Offering Memorandum, except as otherwise noted in “ASSESSMENT PROCEDURES,” that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B — Form of Indenture.”

Set forth herein are brief descriptions of the City, the District, the Developer (as defined herein), the Administrator (as defined herein), the Creation Resolution (as defined herein), the Assessment Ordinance, the TIRZ Ordinance (as defined herein), the Bond Ordinance, the Service and Assessment Plan (as defined herein), Development Agreement (as defined herein), the Financing and Reimbursement Agreement (as defined herein), the MIA Reimbursement Agreement (as defined herein), and the TIRZ Project and Finance Plan (as defined herein), together with summaries of terms of the Series 2021 MIA Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Series 2021 MIA Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Series 2021 MIA Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 418-1588. The form of the Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears as APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided

* Preliminary; subject to change.

in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Development Plan

The District consists of approximately 602.9 acres making up the master planned community known as “Manor Heights” (the “Development”). By deed dated, October 31, 2019, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”) acquired a majority portion of the property (the “Forestar Parcels”) from Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”) and RHOF, LLC, a Texas limited liability company (“RHOF,”) and was assigned to develop all of the residential property in the District. RHOF retained a minority portion of the property and will develop a portion of the commercial property located on Highway 290 (the “RHOF Commercial Parcels”), within the District. Sky Village Kimbro no longer owns any of the land withing the District. The Forestar Parcels also include neighborhood commercial property within the District, which it intends to sell to a third-party commercial developer (the “Forestar Commercial Parcels”). Developer is a wholly owned subsidiary of Forestar Group Inc., a Delaware corporation (“Forestar Group”), a publicly traded residential lot development company. Forestar Group is a majority-owned subsidiary of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton”). See “THE DEVELOPMENT — Overview” and “THE DEVELOPER — History and Financing of the District.”

The Developer plans to develop the District in five phases. The Developer has commenced the construction of certain public improvements benefiting the first phase (“Improvement Area #1), the second phase (“Improvement Area #2) and the remaining three phases (collectively referred to herein as, the “Major Improvement Area”). The public improvements benefiting Improvement Area #1 (the “Improvement Area #1 Projects”) consist of public improvements benefiting only Improvement Area #1 (the “Improvement Area #1 Improvements”) and Improvement #1’s allocable share of certain public improvements benefiting the entire district (the “Major Improvements”). The public improvements benefiting Improvement Area #2 (the “Improvement Area #2 Projects”) consist of public improvements benefiting only Improvement Area #2 (the “Improvement Area #2 Improvements”) and Improvement #2’s allocable share of the Major Improvements. The Improvement Area #1 Projects and the Improvement Area #2 Projects are collectively referred to herein as the “Improvement Area #1-2 Projects.” The public improvements benefiting the Major Improvement Area (the “Major Improvement Area Projects”) consists of the Major Improvement Area’s allocable share of the Major Improvements.

The Developer began development of Improvement Area #1 in January of 2020 and began development of Improvement Area #2 in August of 2020. As of March 1, 2021, the Developer has completed all of the lots in Improvement Area #1 and has partially completed the lots in Improvement Area #2. As of March 1, 2021, the Developer has spent \$7,702,311 towards the construction costs of the Improvement Area #1 Projects and \$6,589,500 towards the construction costs of the Improvement Area #2 Projects. See “PLAN OF FINANCE — Status of Development in the District” and “THE DEVELOPMENT.”

Following the development of Improvement Area #1 and Improvement Area #2, the Developer anticipates that it will follow with the construction of certain public improvements benefitting the future improvement areas (each an “Future Improvement Area”) within the District (the “Future Improvement Area Improvements” and, together with the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements, the “Authorized Improvements”) over a period of approximately eight years. See “THE DEVELOPMENT – Development Plan.” The boundaries of the District and the concept plan for the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT” and “MAP SHOWING IMPROVEMENT AREA #1, IMPROVEMENT AREA #2 AND THE MAJOR IMPROVEMENT AREA WITHIN THE DISTRICT” on pages v and vi.

The Developer estimates the costs of (i) the Major Improvements, including Phase 1 of the Wastewater Treatment Plant (as defined herein), to be approximately \$9,525,302*; (ii) the Improvement Area #1 Improvements to be approximately \$6,472,693*; (iii) the Improvement Area #2 Improvements to be approximately \$8,389,178*; and

* Preliminary; subject to change.

(iii) the Future Improvement Area Improvements to be determined as development progresses. The foregoing costs do not include District Formation Expenses and Bond Issuance Costs (as defined in the Service and Assessment Plan).

The Development Agreement

The City, Sky Village Kimbro and RHOF entered into the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to Development Agreement effective November 6, 2019. After Forestar acquired the Residential Parcels, Sky Village Kimbro and RHOF assigned all of their rights under the Development Agreement (save and except the RHOF Commercial Parcels) to Forestar on October 31, 2019. Thereafter, the City and Forestar entered into the Second Amendment to the Development Agreement effective October 21, 2020 (the Development Agreement (Manor Heights), as amended, is herein referred to as the “Development Agreement”). In addition to expressing the City’s intent to reimburse the Developer for the cost of constructing the Authorized Improvements and establishing the development standards for the Property, the Development Agreement established a maximum equivalent tax rate for each lot classification identified in the Service and Assessment Plan equal to \$0.33 per \$100 of estimated buildout value. See “THE DEVELOPMENT — Development Agreement.”

Authorized Improvements. Pursuant to the Development Agreement, if Authorized Improvements are not complete prior to platting such improvement area or such phase thereof, the Developer is required to purchase a payment and performance bond for the benefit of the City in an amount not less than 110% of the cost of such Authorized Improvements.

Wastewater Treatment Plant. The Major Improvements include the cost of “Phase 1” of a two-phase 400,000 gallons per day wastewater treatment plant (the “Wastewater Treatment Plant”). Pursuant to the Development Agreement, the City has agreed to construct, and the Developer agreed to finance and pay for the costs of, the Wastewater Treatment Plant. A portion of the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds will be used to reimburse the Developer for the costs of Phase 1 of the Wastewater Treatment Plant. The City commenced construction on Phase 1 of the Wastewater Treatment Plant in March of 2021 and anticipates completion of Phase 1 of the plant in December of 2021. As development of the District proceeds, the City will commence construction on “Phase 2” of the Wastewater Treatment Plant. Pursuant to the Development Agreement, if the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds allocable to Phase 1 of the Wastewater Treatment Plant are not sufficient to complete the construction of such phase of the plant, the Developer will provide to or for the benefit of the City, as security for its obligation to pay for the costs of such phase of the plant, (i) a letter of credit from a reputable financial institution in a form reasonably acceptable to the City, or (ii) a cash payment in an amount equal to (a) 110% of the projected cost of any unconstructed segment of the Wastewater Treatment Plant (taking into account any payments previously made) less the amount of the proceeds of the Series 2021 IA#1-2 Bonds and Series 2021 MIA Bonds within the applicable account of the respective indentures dedicated to pay the completion of Phase 1 of the Wastewater Treatment Plant. If there are insufficient bond proceeds to complete Phase 1 of the Wastewater Treatment Plant, the Developer intends to deposit cash with the Trustee so that additional funds will be available to the City to complete Phase 1 of the Wastewater Treatment Plant. See “THE DEVELOPMENT — Development Plan – Wastewater Treatment Plant” and “THE DEVELOPER — History and Financing of the District.”

MAD4 Roadway. The Major Improvements include the costs of the major arterial roadway commencing at the current termination of Old Kimbro Road and terminating at the northern boundary line of the District (the “MAD4 Roadway”). The Developer commenced construction of the MAD4 Roadway in January of 2021 of the MAD4 Roadway and anticipates completion of the roadway in August of 2021. The Developer has posted a payment and performance bond for the benefit of the City, in an amount of 120% of the estimated costs, to complete the MAD4 Roadway. Additionally, to assure that the MAD4 Roadway is timely completed and that funding is available to complete the roadway, the City and the Developer have entered into a completion agreement (the “MAD4 Roadway Completion Agreement”. See “THE DEVELOPMENT — Development Plan – MAD4 Roadway” and “THE DEVELOPER — History and Financing of the District.”

The Financing and Reimbursement Agreement

The City and the Developer entered into, and RHOF and Continental Homes (as defined herein), as Landowners consented to, the Manor Heights Public Improvement District Financing and Reimbursement Agreement

(the “Financing and Reimbursement Agreement”) dated April 21, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds (as defined herein) and the payment of Actual Costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of Actual Costs to the Developer from the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds for funds advanced by the Developer and used to pay Actual Costs of Authorized Improvements and other matters related thereto. See “THE DEVELOPMENT — The Financing and Reimbursement Agreement” and “APPENDIX F – Financing and Reimbursement Agreement.”

The Major Improvement Area Reimbursement Agreement

In furtherance of the City’s intent to reimburse the Developer for the costs of the Major Improvement Area Projects, the City and the Developer entered into the Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area) (the “MIA Reimbursement Agreement”), dated April 21, 2021, which provides for reimbursement of a portion of the Actual Costs of the Major Improvement Area Projects, plus interest, not paid to Developer from the Series 2021 MIA Bonds to be paid to the Developer from Major Improvement Area Assessments. See “THE DEVELOPMENT — The Major Improvement Reimbursement Agreement” and “APPENDIX G – Major Improvement Area Reimbursement Agreement.”

TIRZ Project and Finance Plan

In return for the Developer’s commitment to build homes with an average sales price of \$287,000 for single-family homes and an average sales price of \$200,000 for condominiums, the City created the Tax Increment Reinvestment Zone No. 1, City of Manor, Texas (the “TIRZ”) to fund the costs of certain public improvements benefiting the property in the TIRZ, including certain offsite water and wastewater improvements, the MAD4 Roadway (not funded through the District) and the Wastewater Treatment Plant (phase 2) and enhanced landscaping (the “TIRZ Improvements”). The TIRZ was created over the same property located within the District. The City has agreed to deposit into the TIRZ fund for each year of the duration of the TIRZ an amount equal to thirty and one-half percent (30.5%) per \$100 of the captured appraised value levied and collected in the TIRZ.

Under the TIRZ Project and Financing Plan the Developer is entitled to receive tax increment revenues from the TIRZ (“TIRZ Revenues”) on April 15 of each year until the earlier of (i) 25 years beginning on the second April 15th following the creation of the TIRZ, (ii) the Maximum Contribution (\$19,168,820) has been paid to the Developer, or (iii) the Developer has been paid an amount equal to the cost of the TIRZ Improvements including seven percent (7.0%) simple interest accrued on unreimbursed amounts for the cost of the TIRZ Improvements. Certain milestones for average home and condominium sales prices must be met in order for the Developer to be eligible to receive TIRZ Revenues. See “THE DEVELOPMENT — TIRZ Project and Finance Plan.”

Home Development within the District

The Development is planned to include the following residential product types: 50’ lots, 55’ lots, 60’ lots, and medium density condominiums that are currently expected to be built in 3-unit and 4-unit structures. The Developer anticipates that Improvement Area #1 will include approximately 264 single-family lots, Improvement Area #2 will include approximately 251 single-family lots, and the Major Improvement Area will include approximately 735 single-family lots, approximately 370 medium-density condo units and some commercial development. The Developer has executed a lot purchase and sale contract (the “Continental Lot Purchase Contract”) effective December 22, 2020 with Continental Homes of Texas, L.P., a Texas Limited Partnership, (“Continental Homes”) for the sale of 180 single-family lots within Improvement Area #1. The Developer, RHOF and Continental Homes are herein referred to collectively as the “Landowners” or individually, a “Landowner.” Continental Homes is a majority-owned subsidiary of D.R. Horton. For earnest money, Developer accepted a corporate promissory note (the “Earnest Money Note”) in the amount of ten percent (10%) of the purchase price (the “Earnest Money”). The Developer completed the lots in Phase 1-1 of Improvement Area #1 in January of 2021. Continental Homes agreed to take down thirty-five (35) lots at the initial closing, which occurred on March 11, 2021. Under the Continental Lot Purchase Contract, Continental Homes was granted a first and superior option to purchase up to fifty percent (50%) of: (i) any remaining lots to be developed in Improvement Area #1; and (ii) lots to be developed in Improvement Area #2 and in the Future Improvement Areas. See “THE DEVELOPMENT — Status of Lot Purchase and Sale Contract.”

The Series 2021 MIA Bonds

Proceeds of the Series 2021 MIA Bonds will be used to provide funds for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds. See “THE MAJOR IMPROVEMENT AREA PROJECTS” and “APPENDIX B — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. Payment of the Series 2021 MIA Bonds, bonds refunding all or a portion of the Series 2021 MIA Bonds (“Refunding Bonds”) and any bonds issued in exchange or replacement thereof as permitted by the Indenture (the “Bonds”) is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Assessments and all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

The Series 2021 MIA Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Series 2021 MIA Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Series 2021 MIA Bonds.

The Series 2021 IA#1-2 Bonds

Concurrently with the issuance of the Series 2021 MIA Bonds, the City expects to issue its \$6,005,000* City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”) to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects, (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 IA#1-2 Bonds. See “MAP SHOWING IMPROVEMENT AREA #1, IMPROVEMENT AREA #2 AND THE MAJOR IMPROVEMENT AREA WITHIN THE DISTRICT” on page vi. **The Improvement Area #1 Assessments and Improvement Area #2 Assessments are not security for the Series 2021 MIA Bonds.**

Additional Obligations

The City expects to issue one or more series of bonds in phases (collectively, the “Future Improvement Area Bonds”) to finance the cost of internal infrastructure within each of the Future Improvement Areas as development proceeds. The estimated costs of the internal infrastructure benefiting Future Improvement Areas of the District will be determined as Future Improvement Areas of the District are developed. The Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act, including those improvements listed in the Service and Assessment Plan to be constructed within Future Improvement Areas of the District to be financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate special assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District. See “SECURITY FOR THE BONDS — Additional Obligations and Other Liens.”

The Series 2021 MIA Bonds, the Series 2021 IA#1-2 Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. The Series 2021 IA#1-2 Bonds and any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

* Preliminary; subject to change.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Series 2021 MIA Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Series 2021 MIA Bonds (each, an “Investor”) will be deemed to have acknowledged, represented and warranted to the City as follows:

1. The Investor has authority and is duly authorized to purchase the Series 2021 MIA Bonds and to execute the investment letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Series 2021 MIA Bonds.

2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Series 2021 MIA Bonds.

3. The Series 2021 MIA Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Series 2021 MIA Bonds, and the Investor intends to hold the Series 2021 MIA Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Series 2021 MIA Bonds. However, the investor may sell the Series 2021 MIA Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Series 2021 MIA Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Series 2021 MIA Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Major Improvement Area Projects, the Series 2021 MIA Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Series 2021 MIA Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Series 2021 MIA Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Series 2021 MIA Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Series 2021 MIA Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Series 2021 MIA Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Series 2021 MIA Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Series 2021 MIA Bonds; and

that the liability of the City and the State with respect to the Series 2021 MIA Bonds is subject to further limitations as set forth in the Series 2021 MIA Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Series 2021 MIA Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Series 2021 MIA Bonds.

8. The Investor acknowledges that the sale of the Series 2021 MIA Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

DESCRIPTION OF THE SERIES 2021 MIA BONDS

General Description

The Series 2021 MIA Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Series 2021 MIA Bonds will accrue from the Delivery Date and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing September 15, 2021* (each, an “Interest Payment Date”), until maturity or prior redemption. UMB Bank, N.A., Austin, Texas is the initial Paying Agent and Registrar for the Series 2021 MIA Bonds.

The Series 2021 MIA Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$5,000 in excess thereof, or such smaller amount authorized by the Indenture; provided, however, that upon receipt by the Paying Agent/Registrar of written evidence that the Series 2021 MIA Bonds have received an Investment Grade Rating (as defined in the Indenture), Authorized Denomination shall mean \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating (the “Authorized Denominations”). Upon initial issuance, the ownership of the Series 2021 MIA Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Series 2021 MIA Bonds will be made in book-entry only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Series 2021 MIA Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

Extraordinary Optional Redemption. The City reserves the right and option to redeem the Series 2021 MIA Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, 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 the Indenture), or as a result of unexpended amounts transferred from the MIA Improvements Account of the Project Fund as provided in the Indenture. The City shall notify the Trustee in writing at least forty-five (45) days before the scheduled extraordinary option redemption date fixed by the City, or such other time period as the Trustee and the City shall mutually agree. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the Indenture unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Series 2021 MIA Bonds. In lieu of redeeming the Series 2021 MIA Bonds with the funds described in the Indenture, the City may purchase the Series 2021 MIA Bonds in the open market of the maturity to be redeemed at the price not in excess of that provided in the Indenture. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Series 2021 MIA Bonds are subject to mandatory sinking fund redemption prior to Stated Maturity and will be redeemed by the City in part at the Redemption Price from moneys

* Preliminary; subject to change.

available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

Term Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot, a principal amount of Series 2021 MIA Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2021 MIA Bonds to be redeemed on such mandatory sinking fund redemption date, shall call such Series 2021 MIA Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption.

The principal amount of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2021 MIA Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 MIA Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The Sinking Fund Installments of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 MIA Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions, and not previously credited to a mandatory sinking fund redemption, as follows:

- (i) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or
- (ii) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bonds in the inverse order of mandatory sinking fund redemption dates.

Partial Redemption. If less than all of the Series 2021 MIA Bonds are called for optional redemption or extraordinary optional redemption, the Series 2021 MIA Bonds or portion of a Series 2021 MIA Bond of any one maturity to be redeemed shall be selected in the following manner:

- (i) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 MIA Bonds and a portion of all Outstanding Series 2021 MIA Bonds shall be redeemed in the principal amount allocated to such Series 2021 MIA Bonds (the “10% or Greater Manner”); and
- (ii) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the Outstanding Series 2021 MIA Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Series 2021 MIA Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Series 2021 MIA Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Series 2021 MIA Bond by \$5,000.

A portion of an Outstanding Series 2021 MIA Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 MIA Bond of a maturity is selected for redemption, the Trustee shall select the Outstanding Series 2021 MIA Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Series 2021 MIA Bond as though it were a single Series 2021 MIA Bond for purposes of selection for redemption. No redemption shall result in a Series 2021 MIA Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Series 2021 MIA Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Series 2021 MIA Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

Upon surrender of any Series 2021 MIA Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the Series 2021 IA#1-2 Bond or Series 2021 MIA Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 MIA Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 MIA Bond representing the unredeemed balance of such Series 2021 MIA Bond shall be issued to the Owner thereof, such exchange being without charge.

Notice of Redemption to Owners. Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Series 2021 MIA Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 MIA Bond or portion thereof to be redeemed, at the address shown in the Register.

The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 MIA Bonds are to be surrendered for payment, and, if less than all the Series 2021 MIA Bonds Outstanding are to be redeemed, an identification of the Series 2021 MIA Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2021 MIA Bond shall become due and payable.

Any notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Series 2021 MIA Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written notice of such rescission from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Series 2021 MIA Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 MIA 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 Series 2021 MIA Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 MIA Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Series 2021 MIA Bonds is to be transferred and how the principal of, premium, if any, and interest on the Series 2021 MIA Bonds are to be paid to and credited by DTC, while the Series 2021 MIA Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering

Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2021 MIA Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2021 MIA Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2021 MIA Bonds. The Series 2021 MIA Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Series 2021 MIA Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 MIA Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 MIA Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2021 MIA Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 MIA Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 MIA Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021 MIA Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2021 MIA Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Series 2021 MIA Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 MIA Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 MIA Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Series 2021 MIA Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 MIA Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2021 MIA BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2021 MIA BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

THE SERIES 2021 MIA BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2021 MIA BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2021 MIA BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2021 MIA BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2021 MIA BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2021 MIA BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE.

The following is a summary of certain provisions contained in the Indenture. Reference is made to the Indenture for a full statement of the terms and provisions of the Series 2021 MIA Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B — Form of Indenture."

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below), consisting primarily of certain revenue from Assessments levied against Assessed Property, respectively, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as amended, restated and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including the Major Improvement Area, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Major Improvement Area Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of the Major Improvement Area Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

For the purposes of the information summarized under this heading "SECURITY FOR THE BONDS," Bonds means any Bond or all Bonds as authorized by the Bond Ordinance and issued in accordance with the Indenture, including the Series 2021 MIA Bonds, Refunding Bonds, and any Bonds issued in exchange or replacement thereof as permitted by the Indenture.

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of State law to finance the Major Improvements by levying Major Improvement Area Assessments upon properties in the Major Improvement Area of the District benefited thereby. For a description of the assessment methodology and the amounts of Assessments levied and anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

The Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below), consisting primarily of Assessment Revenue (defined below), and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture:

“Annual Installment” means, with respect to the Major Improvement Area Assessments, the annual installment payments of a Major Improvement Area Assessment calculated by the Administrator and approved by the City Council, including: (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) the Additional Interest.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“Delinquent Collection Costs” means for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Major Improvement Area Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

“Pledged Funds” means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of this Indenture, excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“Pledged Revenues” means the sum of (i) Major Improvement Area Assessment Revenue (other than Delinquent Collection Costs); (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Trust Estate” means the Trust Estate described in the granting clauses of the Indenture.

The City will covenant, agree, and warrant in the Indenture that it will take and pursue all actions permissible under applicable laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund.” See also “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

The PID Act provides that the Major Improvement Area Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Major Improvement Area Assessment Lien”) against the Major Improvement Area Assessed Property, superior to all other liens or claims, except liens and claims for the State, county, school district, municipality, or other political subdivisions of the State for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Major Improvement Area Assessment Lien is effective from the date of the Assessment Ordinance until the Major Improvement Area Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES” herein.

Collection and Enforcement of Assessments

For so long as any Bonds are Outstanding and amounts are due to the Developer under the MIA Reimbursement Agreement to reimburse it for the funds it has contributed to pay Actual Costs of the Major Improvement Area Projects, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Major Improvement Area Assessments.

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 Major Improvement Area Assessment or the corresponding Major Improvement Area Assessed Property.

Unconditional Levy of Assessments

The City will impose Assessments on the Assessed Property to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments became effective or will become effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinances, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on or before September 1 and shall be due on October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Assessments will be due when billed and will be delinquent if not paid prior to [February 1, 2022].

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

There will be no discount for the early payment of Assessments.

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for Assessments and penalties and interest began or will begin on the effective date of the Assessment Ordinance and continues until the Assessments are paid or until all Bonds are finally paid.

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

Perfecting Security Interest

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for in the Indenture, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing in the Indenture shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements in the Indenture. See "APPENDIX B — Form of Indenture."

Pledged Revenue Fund

On or before February 15, 2022 and on or before February 15th of each year thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited all Pledged Revenues with the Trustee, to the extent such Funds are not already on deposit with the Trustee. Upon the Trustee's receipt of the Pledged Revenues, the Trustee shall deposit or cause to be deposited the Pledged Revenues to be applied by the Trustee in the following order of priority:

- (i) first, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (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 the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest to cause the amount in the Additional Interest Reserve Account to equal the Additional Interest Reserve Requirement;
- (iv) fourth, to pay other Actual Costs of the Major Improvement Area Projects; and
- (v) fifth, to pay other costs permitted by the PID Act.

Along with each transfer to the Trustee, the City shall provide a City Certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid. Any money on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and are not security for the Bonds.

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

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

Notwithstanding the above, the Trustee shall within two business days after receipt deposit Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund. The Trustee shall also, within two business days after receipt, deposit Foreclosure Proceeds to the Pledged Revenue Fund and after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, first to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Major Improvement Area Assessed Property or Major Improvement Area Assessed Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to the above (as described in the Indenture), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which the Assessments may be applied. The Trustee may rely on such written direction of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Series 2021 MIA Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

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

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Series 2021 MIA Bonds on the following dates and in the following amounts:

Date Amount

[INSERT TABLE]

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the MIA Improvements Account of the Project Fund, or if the MIA Improvements Account of the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2021 MIA Bonds, and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the MIA Improvements Account, the City Improvements Account, the Developer Improvement Account, if such account has been established pursuant to written instruction of the City Representative, and the MIA Costs of Issuance Account of the Project Fund shall be used for the purposes specified in the Indenture. Disbursements from the MIA Improvements Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates containing a properly executed and completed Certification for Payment (as defined in the Indenture). The disbursement of funds from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under the Indenture shall be deemed to be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement, the MIA Reimbursement Agreement (if applicable) and the Indenture. Such provisions and procedures related to such disbursement contained in the MIA Reimbursement Agreement are herein incorporated by reference and deemed set forth herein in full, provided the Trustee shall be protected in disbursing from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under the Indenture.

Disbursements from the City Improvements Account of the Project Fund to pay the City’s allocable portion of the Actual Costs of the Major Improvement Area Projects, as specified in the Service and Assessment Plan, shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in a form similar to the form attached as Exhibit B to the Indenture, containing a properly executed and completed Certification for Payment. The Trustee shall be protected in disbursing from the City Improvements Account of the Project Fund pursuant to a City Certificate delivered under the Indenture.

Disbursements from the MIA Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with a City Certificate providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

If the City Representative reasonably determines that amounts then on deposit in the MIA Improvements Account of the Project Fund are not expected to be expended for purposes of the MIA Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the MIA Improvements Account of the Project Fund will ever be expended for the purposes of the MIA Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the MIA Improvements Account that are not expected to be used for purposes of the MIA Improvements Account. If such City Certificate is so filed, the amounts on deposit in the MIA Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with the Indenture, and the MIA Improvements Account shall be closed.

If the City Representative reasonably determines that amounts then on deposit in the City Improvements Account of the Project Fund are not expected to be expended for purposes of the City Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the City Improvements Account of the Project Fund will ever be expended for the purposes of the City Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the City Improvements Account that are not expected to be used for purposes of the City Improvements Account. If such City Certificate is so filed, the amounts on deposit in the City Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with the Indenture, and the City Improvements Account shall be closed.

Not later than six (6) months following the Closing Date or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund shall be transferred to the MIA Improvements Account of the Project Fund as directed by the City in a City Certificate filed with the Trustee, and the MIA Costs of Issuance Account of the Project Fund shall be closed. If the MIA Improvements Account of the Project Fund has been closed, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund, that would have been transferred to such Account under the Indenture, shall be transferred, as directed by the City in a City Certificate, to the MIA Improvements Account of the Project Fund to fund additional improvements or shall be transferred to the Administrative Fund to reduce future payments for administrative expenses.

Money on deposit in the Developer Improvement Account, if such an account is established pursuant to the written instruction of the City Representative, is a cash deposit securing the Developer's performance of certain obligations, under the Development Agreement relating to payment for completion of the offsite wastewater improvements. Moneys on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and are not security for the Bonds. Disbursement from the Developer Improvement Account shall be made by the Trustee upon receipt by the Trustee of a City Certificate, containing a properly executed and completed Certification for Payment, indicating that the funds to be disbursed are not required to be maintained in the Developer Improvement Account. The disbursement of funds from the Developer Improvement Account pursuant to a City Certificate delivered under Section 6.5 of the Indenture shall be deemed to be pursuant to and in accordance with the provisions of the Development Agreement and with the Indenture. The Trustee shall be protected in disbursing funds from the Developer Improvement Account pursuant to a City Certificate delivered under Section 6.5 of the Indenture. If all of the money on deposit in the Developer Improvement Account is disbursed in accordance with a City Certificate delivered under Section 6.5 of the Indenture, the Developer Improvement Account shall be closed.

In making any determination pursuant to this Section, the City Representative may conclusively rely upon a report issued by the City Engineer or a certificate of an Independent Financial Consultant. In providing any disbursement under the Indenture, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such City Certificate if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any City Certificate by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, or (iii) 10% of the par amount of the Bonds; provided, however, that such amount shall be reduced by any transfers made pursuant to prepayments or excess earnings in the Reserve Account, as set forth in the Indenture, and as a result of optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Series 2021 MIA Bonds, the Reserve Account Requirement equals \$_____, which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of the date of issuance.

If, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer any available funds on deposit first from the Additional Interest Reserve Account (described below), and second from the Reserve Account of the Reserve Fund, to the Bond Fund in the amount necessary to cure such deficiency. In such event, the Additional Interest shall be used to replenish first, the Reserve Account and second, the Additional Interest Reserve Account.

If, after a Reserve Fund 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 of the Reserve Fund the amount of such deficiency, in accordance with the Indenture, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

Whenever the Bonds are to be redeemed with the proceeds of Prepayments pursuant to extraordinary optional redemption, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Redemption Fund toward payment of accrued and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

At the final maturity of the Bonds, the amount on deposit in the Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee will transfer an amount equal to the Additional Interest (as defined below) from the Pledged Revenue Fund to the Additional Interest Reserve Account on [February 15, 2022] and on the fifteenth day of each month thereafter until the amount on deposit in the Additional Interest Reserve Account is equal to the Additional Interest Reserve Requirement; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest (as defined below) into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account. The Additional Interest Reserve Requirement is an amount equal to 5.5% of the par amount of the Bonds. The “Additional Interest” is the 0.50% interest above the interest rate borne by the Bonds, authorized by Section 372.018(a) of the PID Act. Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest

Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess (the “Excess Additional Interest Reserve Amount”). Such excess on deposit in the Additional Interest Reserve Account shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund in order to effect the redemption of the Bonds pursuant to extraordinary optional redemption. In the event that the Trustee does not receive a City Certificate directing the transfer of the Excess Additional Interest Reserve Amount to the Administrative Fund within forty-five (45) days of providing notice to the City of such Excess Additional Interest Reserve Amount, the Trustee shall transfer the Excess Additional Interest Reserve Amount to the Redemption Fund and redeem the Bonds pursuant to extraordinary optional redemption. See “APPENDIX A — Form of Indenture” and “APPENDIX B — Service and Assessment Plan.”

Moneys deposited in the Additional Interest Reserve Account will be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, pursuant to, and at the times specified in, the Indenture to pay a portion of the accrued interest on Bonds being redeemed pursuant to an extraordinary optional redemption for Prepayments. The amount to be transferred shall be an amount, for each Prepayment, equal to the amount of any shortfall, after transfers from the Reserve Account of the Reserve Fund as described above and application of investment earnings on the Prepayment toward payment of accrued interest, necessary to pay the principal amount plus accrued interest on such Bonds to be redeemed as a result of the Prepayment.

As discussed above, if, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer any available funds on deposit first from the Additional Interest Reserve Account, and second from the Reserve Account of the Reserve Fund, to the Bond Fund in the amount necessary to cure such deficiency. In such event, the Additional Interest shall be used to replenish first, the Reserve Account, and second, the Additional Interest Reserve Account.

At the final maturity of the Bonds, the amount on deposit in the Additional Interest Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

Administrative Fund

The City will create under the Indenture an Administrative Fund held by the Trustee. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. 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. See “APPENDIX C — Form of Service and Assessment Plan.”

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

Defeasance

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then rating the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in the Indenture is no longer Outstanding

hereunder and is no longer secured by or entitled to the benefits of the Indenture, (B) such defeasance is in accordance with the terms hereof and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

Furthermore, all rights of the City to initiate proceedings to call the defeased Bonds for redemption or take any other action amending the terms of the defeased Bond are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for such defeasance, expressly reserves the right to call the defeased Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (iii) directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (iv) at or prior to the time of the redemption, satisfies the conditions of the preceding paragraph with respect to such defeased Bonds as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

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

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

Events of Default

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

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Major Improvement Area Assessments including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; and

(iv) Default in the performance or observance of any other covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied.

Immediate Remedies for Default

Subject to the limitations on liability of the City provided within the Indenture, upon the happening and continuance of any of the Events of Default, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues and Pledged Funds. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under the provisions of the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of a Quarter in Interest of the Bonds have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 of the Indenture, (iv) the Trustee has for sixty (60) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The

notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

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

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

Application of Revenues and Other Moneys after Default

All moneys, securities, funds and Pledged Revenues, Pledged Funds 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 Article XI of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 of the Indenture, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners.

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

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

Investment of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times.

Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by the Indenture or to prevent any default.

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

Against Encumbrances

Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, the Pledged Funds, the Trust Estate, or any other property pledged under the Indenture, except any pledge created for the equal and ratable security of the Bonds. So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on the Pledged Revenues, the Pledged Funds, the Trust Estate or other property pledged under the Indenture, except that the City may issue Refunding Bonds in accordance with the terms of the Indenture.

Additional Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds

The City reserves the right, subject to the Indenture, to issue additional obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate.

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whatsoever whereby the lien of the 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 the Indenture 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 Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developer for funding the Actual Costs of (i) the internal Authorized Improvements within a Future Improvement Area and/or (ii) Major Improvements not previously financed by the Series 2021 MIA Bonds that are allocable to a given Future Improvement Area. The Developer may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 15 in each of the years in which they are scheduled to mature, and the applicable requirements in the Indenture are met:

- (i) The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions, and conditions applicable to the City contained in any indenture of trust authorizing the issuance of PID Bonds for the District;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Financing Agreement, the Development Agreement, an acquisition and reimbursement agreement applicable to such Future Improvement Area or any continuing disclosure agreement entered into by Landowner and/or Developer relating to the PID Bonds, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City Council elects to proceed with the issuance of the Future Improvement Area Bonds regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Developer or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Developer or such owner prior to the delinquency date thereof;

(iv) The Trustee and the City shall receive a certificate from the Developer certifying that the Authorized Improvements to be funded with the proceeds of the Future Improvement Area Bonds to be issued are at least fifty percent (50%) completed;

(v) The Trustee and the City shall receive a certificate from the Developer certifying that at least fifty percent (50%) of the assessed parcels in the Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;

(vi) With respect to Future Improvement Area Bonds to be issued for Future Improvement Areas developed after Improvement Area #1 and Improvement Area #2, the Trustee and the City shall receive a certificate from the Developer certifying that a certificate of occupancy for completed homes has been issued for at least fifty percent (50%) of the lots or residential units, as applicable, in the preceding neighborhood improvement area; and

(vii) The Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued, based on an Independent Appraisal, shall not be less than 3.0:1.

SOURCES AND USES OF FUNDS*

The table that follows summarizes the expected sources and uses of proceeds of the Series 2021 MIA Bonds [and additional funds received from the Developer]:

Sources of Funds:	
Principal Amount	\$
TOTAL SOURCES	\$
Use of Funds:	
Deposit to MIA Improvements Account of the Project Fund	\$
Deposit to City Improvements Account of the Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Deposit to MIA Costs of Issuance Account of the Project Fund ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes District establishment costs and other costs of issuance and Underwriter's discount of \$_____, which discount includes Underwriter's Counsel's fee of \$_____.

* Preliminary; subject to change.

DEBT SERVICE REQUIREMENTS*

The following table sets forth the anticipated debt service requirements for the Series 2021 MIA Bonds:

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 ⁽¹⁾	\$	\$	\$
2022 ⁽¹⁾			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
Total⁽²⁾	\$	\$	\$

(1) Bond proceeds will be capitalized to pay interest due in 2021 and 2022.

(2) To be updated and completed upon pricing.

* Preliminary; subject to change.

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OVERLAPPING TAXES AND DEBT

The land within the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments.

Overlapping Jurisdictions Tax Rates

The land within the Major Improvement Area lies within the corporate limits of the City. The land within the Major Improvement Area has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Major Improvement Area Assessments.

The Major Improvement Area is located within the City, Travis County, the Manor Independent School District (“Manor ISD”), Travis Central Health, Travis County Emergency Services District #12 (“Travis County ESD #12”) and the Austin Community College District (“ACC”), all of which may levy ad valorem taxes upon land in the Major Improvement Area for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in the Major Improvement Area.

<u>Taxing Entity</u>	<i>At Delivery of the Series 2021 MIA Bonds Tax Year 2021 Ad Valorem Tax Rate⁽¹⁾</i>	<i>Projected at Build Out Tax Year 2021 Ad Valorem Tax Rate⁽¹⁾</i>
The City	\$ 0.816100	\$ 0.816100
Travis County	0.374359	0.374359
Travis Central Health	0.110306	0.110306
Travis County ESD #12	0.100000	0.100000
Austin Community College District	0.105800	0.105800
Manor Independent School District	<u>1.442672</u>	<u>1.442672</u>
Total Existing Tax Rate	<u>\$ 2.949237</u>	<u>\$ 2.949237</u>
 Estimated Average Annual Installment in the District as tax rate equivalent per Equivalent Unit	 <u>\$ 2.632039⁽²⁾</u>	 <u>\$ 0.181246⁽³⁾</u>
 Total Tax Rate and Average Annual Installment for the District as tax rate equivalent per \$100 in value	 <u>\$5.581276⁽³⁾</u>	 <u>\$3.130483⁽³⁾</u>

⁽¹⁾ As reported by the taxing entities. Per \$100 taxable appraised value.

⁽²⁾ Based on \$24,245,000 estimated appraised value as provided in the Appraisal.

⁽³⁾ Derived from information presented in Exhibit K of the Service and Assessment Plan. Based on \$ 334,926,800 estimated build out value for the Major Improvement Area as provided by the Developer. Pursuant to the Development Agreement the estimated average annual installment as a tax rate equivalent cannot exceed \$0.33. *Preliminary, subject to change.*

Source: Travis Central Appraisal District, the City, and Administrator.

Overlapping Debt of the District

As noted above, the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the District, as of March 26, 2021, and City debt secured by the Assessments:

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt⁽¹⁾</u>
The City (the Series 2021 IA#1-2 Bonds)	\$ 6,005,000*	100.000%	\$ 6,005,000*
The City (the Series 2021 MIA Bonds)	7,090,000*	100.000%	7,090,000*
The City (Ad Valorem Tax Supported Debt)	21,090,000	4.199%	885,569
Travis County	997,735,000	0.017%	169,615
Travis Central Health	6,105,000	0.017%	1,038
Travis County ESD #12	1,717,176	0.017%	292
Austin Community College District	386,255,000	0.017%	65,663
Manor Independent School District	458,449,999	0.570%	2,613,165
	<u>\$1,884,447,175</u>		<u>\$ 16,830,342</u>

* Preliminary; subject to change.

⁽¹⁾ Based on the estimated appraised value of the District provided by the Appraisal.
Source: Municipal Advisory Council of Texas and the City.

Agricultural Valuation

If land is devoted principally to agricultural use, the landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural value. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation and the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous five years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the land owner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

All of the property in the Major Improvement Area is currently subject to an agricultural valuation with respect to its ad valorem taxes. It is expected that rollback taxes will be paid by the Developer after it exercises its option to purchase land within a Future Improvement Area within the Major Improvement Area or purchases from the Developer during development of a Future Improvement Area within the Major Improvement Area and prior to the purchase of parcels or lots by homeowners. See "BONDHOLDERS' RISKS – Agricultural Use Valuation and Redemption Rights."

Homeowners' Association

In addition to the taxes and the Major Improvement Area Assessments described above, the Developer anticipates that each owner of a single-family lot within the Major Improvement Area, will pay an annual maintenance and operation fee and/or a property owners' association fee to a homeowners' association (the "Homeowners' Association") to be formed by the Developer.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan.

As required by the PID Act, when the City determines to defray a portion of the costs of the Major Improvement Area Projects through the Major Improvement Area Assessments, it must adopt a resolution generally describing the Major Improvements and the land within the Major Improvement Area of the District to be subject to Major Improvement Area Assessments to pay the costs therefor. The City has caused assessment rolls to be prepared (the “Major Improvement Area Assessment Roll”), which assessment roll will show the land within the Major Improvement Area to be assessed, the amount of the benefit to and the Major Improvement Area Assessment against each lot or parcel of land and the number of Annual Installments in which the Major Improvement Area Assessment is divided. The Major Improvement Area Assessment Roll will be filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvements and funding the same with Major Improvement Area Assessments.

The City expects to proceed to levy the Major Improvement Area Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance on May 5, 2021. After such adoptions, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the costs of the Major Improvement Area Projects may be assessed by the City against the assessable property in the Major Improvement Area of the District so long as the special benefit conferred upon the Assessed Properties by the Major Improvement Area Projects, equals or exceeds the Assessments relating to such Assessed Properties. The costs of the Major Improvement Area Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Properties similarly benefited. The allocation of benefits and assessments to the benefited land within the Major Improvement Area of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Major Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Major Improvements in a manner that results in equal shares of costs being apportioned to parcels similarly benefited.

The City has determined the Major Improvements shall be allocated between the Major Improvement Area, Improvement Area #1, and Improvement Area #2 pro rata based on estimated buildout value, as shown on Exhibit Q of the Service and Assessment Plan.

As described in the Service and Assessment Plan, a portion of the costs of the Major Improvement Area Projects are being funded with proceeds of the Series 2021 MIA Bonds, which are payable from and secured by Pledged Revenues and other funds comprising the Trust Estate.

The Service and Assessment Plan will be updated prior to closing of the Series 2021 MIA Bonds to reflect final pricing thereof.

Assessments. As further set forth in the Service and Assessment Plan, the benefits received by the Major Improvement Area Projects are currently allocated 100% to the Major Improvement Area by spreading the entire Major Improvement Area Assessment across all the Initial Major Improvement Area Initial Parcel.

Method of Reallocation of Assessments upon Subdivision. Once a lot has a Major Improvement Area Assessment applied to it and then proceeds to be subdivided again, Major Improvement Area Assessments will be reallocated based upon estimated buildout value (as defined in the Service and Assessment Plan) but in no event will the new subdivision cause the sum of the Major Improvement Area Assessments for the subdivided lots to be greater than the Major Improvement Area Assessment for the lot prior to its subdivision. The allocation method used above is to insure there will not be an increase in the Major Improvement Area Assessment for each specific parcel. The reallocation of a Major Improvement Area Assessment for a Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation. Any reallocation pursuant to the Service and Assessment Plan shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

The following table provides the proposed allocation of the Major Improvement Area Assessments and the estimated value to lien ratio for the Major Improvement Area based on proposed Lot Types without consideration for inflation.

Estimated Major Improvement Area Value to Lien Ratios⁽¹⁾

Lot Type	Planned Number of Lots/Units/SF	Estimated Buildout Value per Lot/Unit/SF ⁽²⁾	Estimated Build out Value per Lot Type	Total Major Improvement Area Assessment per Lot Type	Estimated Ratio of Estimated Buildout Value per Lot Type to Major Improvement Area Assessment ⁽³⁾
50'	516 lots	\$285,000	\$147,060,000	\$3,113,084.41	47.239323
55'	75 lots	290,000	21,750,000	\$460,421.50	47.239323
60'	144 lots	300,000	43,200,000	\$914,492.36	47.239323
Condos	370 units	204,000	75,480,000	\$1,597,821.37	47.239323
Office	68,999 SF	200	13,799,800	\$292,125.27	47.239323
Restaurant	17,250 SF	200	3,450,000	\$73,032.38	47.239323
Retail	150,935 SF	200	30,187,000	\$639,022.71	47.239323
Total/Ave.			\$334,926,800	\$7,090,000	47.239323

- (1) Preliminary; subject to change. Based on the concept plan for the District. Derived from information in the Service and Assessment Plan. The actual unit counts, and estimated buildout value may vary from that shown above.
- (2) Values provided by the Developer. See Service and Assessment Plan, Exhibit Q. No assurances can be given that projected prices and buildout values will be realized. Home prices in the Appraisal may differ.
- (3) Derived from information in the Service and Assessment Plan. Pursuant to the Development Agreement. The maximum aggregate assessment per lot may not result in a tax rate equivalent that exceeds \$0.33 per \$100 valuation.

Method of Reallocation of Assessments upon Consolidation. Upon the consolidation of two or more Major Improvement Area Assessed Properties the Major Improvement Area Assessments for the consolidated Major Improvement Area Assessed Properties shall be the sum of the Major Improvement Area Assessments prior to consolidation. The reallocation of a Major Improvement Area Assessment for a Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it will be prepaid by such amount by the party requesting the consolidation of the Major Improvement Area Assessed Properties. Any reallocation pursuant to the Service and Assessment Plan shall be reflected in an update to the Service and Assessment Plan approved by the City Council of the City. The consolidation of any Major Improvement Area Assessed Property shall be considered an administrative action and will not require any notice or public hearing (as defined in the PID Act) by the City Council of the City.

The City has determined the method of allocation for the costs of the Authorized Improvements will result in the imposition of equal shares of the Major Improvement Area Assessments on parcels similarly situated within the District. The Major Improvement Area Assessments and interest thereon are expected to be paid in Annual Installments. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers

and is conclusive and binding on the Developer, all other current owners of property within the District and all future owners and developers within the District. See “APPENDIX C — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and a calculation of the Annual Installment for each Parcel. Assessments for Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

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

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

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Major Improvement Area Assessments will be established by the methodology described in the Service and Assessment Plan. The Major Improvement Area Assessment Roll set forth for each year the Annual Installment for each Major Improvement Area Assessed Property consisting of (i) the annual portion allocable to the payment of principal and interest on the Series 2021 MIA Bonds, which amount includes the Additional Interest; and (ii) the portion of the Annual Installment allocable to Annual Collection Costs. The Annual Installments for the Major Improvement Area will be determined annually during the Annual Service Plan Update. The Major Improvement Area Assessments have been or will be levied against the parcels comprising the Major Improvement Area Assessed Property as indicated on the Major Improvement Area Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan” and “APPENDIX F — Form of Financing and Reimbursement Agreement.”

The Annual Installments shown on the Major Improvement Area Assessment Roll will be reduced to equal the actual costs of repaying the Series 2021 MIA Bonds (which amount will include the Additional Interest of the interest costs) and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Major Improvement Area Assessments shall be initially allocated to the Major Improvement Area Assessed Property based on the ratio of estimated buildout value of each Major Improvement Area Assessed Property to estimated buildout value of all Major Improvement Area Assessed Properties.

As the existing parcels are subsequently divided, the Major Improvement Area Assessments will be further apportioned pro rata based on the estimated build-out value of the newly created parcels. See “ASSESSMENT PROCEDURES — Assessment Methodology” and “APPENDIX C — Form of Service and Assessment Plan.”

The Series 2021 MIA Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Major Improvement Area Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Form of Service and Assessment Plan.”

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The following table provides the expected allocation of Major Improvement Area Assessments based on proposed Lot Types.

Proposed Major Improvement Area Assessment Allocation by Lot Type in the Major Improvement Area⁽¹⁾

Lot Type	Planned Number of Lots/Units/SF	Estimated Buildout Value per Lot/Unit/SF	Major Improvement Area Assessment Per Lot/Unit/SF	Total Major Improvement Area Assessments per Lot Type	Average Annual Installments Per Lot/Unit/SF	Equivalent Tax Rate per \$100 AV
50'	516	\$285,000	\$6,033.11	\$147,060,000	\$476.61	\$0.167230
55'	75	290,000	\$6,138.95	21,750,000	\$484.97	\$0.167230
60'	144	300,000	\$6,350.64	43,200,000	\$501.69	\$0.167230
Condos	370	204,000	\$4,318.44	75,480,000	\$341.15	\$0.167230
Office	68,999	200	\$4.23	13,799,800	\$0.33	\$0.167230
Restaurant	17,250	200	\$4.23	3,450,000	\$0.33	\$0.167230
Retail	150,935	200	\$4.23	30,187,000	\$0.33	\$0.167230
Total/ Average				\$334,926,800		\$0.167230

⁽¹⁾ Based on the concept plan for the District. Derived from information in the Service and Assessment Plan. The actual Lot or unit counts or square footage and estimated buildout value may vary from that shown above. The Developer anticipates requesting the City to issue one or more Future Improvement Area Bonds which will be secured by assessments on property within such future improvement areas and which will be in addition to the Major Improvement Area Assessments.

Prepayment of Assessments

Voluntary Prepayment of Assessments. The owner of the Major Improvement Area Assessed Property may pay, at any time, all or any part of a Major Improvement Area Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If a Major Improvement Area Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Major Improvement Area Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Major Improvement Area Assessment Roll to be approved by the City Council as part of an updated Service and Assessment Plan; (3) the obligation to pay the Major Improvement Area Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable “Notice of PID Assessment Termination.”

If a Major Improvement Area Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Major Improvement Area Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of updated Service and Assessment Plan; and (3) the obligation to pay the Major Improvement Area Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made.

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

True-Up if Maximum Assessment Exceeded at Plat. Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Major Improvement Area Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Major Improvement Area Assessed Property by a final

subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Major Improvement Area Assessment for such Lot Type, the Owner must partially prepay the Major Improvement Area Assessment for each Major Improvement Area Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Major Improvement Area Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Major Improvement Area Assessments.

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

For the Major Improvement Area Assessed Property that is subject to the Taking as described in the preceding paragraph, the Major Improvement Area Assessment that was levied against the Major Improvement Area Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Major Improvement Area Assessed Property (the Major Improvement Area Assessed Property less the Taken Property.) (the "Remaining Property"), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Major Improvement Area Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by the Service and Assessment Plan, as updated, or the PID Act, the Major Improvement Area Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Major Improvement Area Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the assessment on the Remaining Property.

In all instances the Major Improvement Area Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Major Improvement Area Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Major Improvement Area Assessment (provided that this \$100 Major Improvement Area Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Major Improvement Area Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Major Improvement Area Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Major Improvement Area Assessment required to buy down the outstanding Major Improvement Area Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirements. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Major Improvement Area Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Major Improvement Area Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding PID Bonds.

Reduction of Assessments. If, as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Major Improvement Area Assessments, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Major Improvement Area Assessed Properties equals the reduced Actual Costs. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. The Major Improvement Area Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

Priority of Lien

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

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of a Major Improvement Area Assessment will be subject to the lien established for remaining unpaid installments of the Major Improvement Area Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Major Improvement Area Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to Owners of the Series 2021 MIA Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on the Series 2021 MIA Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Major Improvement Area Assessment on the corresponding Major Improvement Area Assessed Property.

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

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the Owners of the Series 2021 MIA Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

THE CITY

Background

The City is located in eastern Travis County, and sits approximately 12 miles east of Austin, Texas. Access to the City is provided by State Highway 290 and FM 973. The City covers approximately 9.76 square miles. The City’s location is part of the growing Austin-Round Rock Metroplex and has resulted in rapid growth over the last several years. The City’s 2010 census population was 5,037. The City was ranked the 7th fastest growing suburb in America in 2018 and 2019. The City’s population estimate as of January 2021 is 14,519.

City Government

The City is a political subdivision and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007, and which was amended in 2020. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The current members of the City Council and their respective expiration of terms of office are as follows:

<u>Name</u>	<u>Term Expires (November)</u>
Dr. Larry Wallace Jr.	2021
Emily Hill	2021
Anne Weir	2022
Dr. Christopher Harvey	2021
Sonia Wallace	2022
Deja Hill	2021
Gene Kruppa	2022

The principal administrators of the City include the following:

<u>Name</u>	<u>Position</u>
Thomas M. Bolt	City Manager
Lluvia T. Almaraz	City Secretary
Lydia M. Collins	Director of Finance

General information regarding the City and the surrounding area can be found in “APPENDIX A - General Information Regarding the City and Surrounding Area.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement districts to pay for certain improvements. The District was created by Resolution No. 2018-10 of the City adopted on November 7, 2018 in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Major Improvement Area Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. The City

adopted Resolution No. 2020-11 on October 7, 2020, which authorized adding additional land to the boundaries of the District. The District is not a separate political subdivision of the State and is administered by the City Council. A map of the property within the District is included on page iv hereof.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Major Improvement Area Projects. See "THE MAJOR IMPROVEMENT AREA PROJECTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water, wastewater and storm drainage improvements within the Major Improvement Area of the District and to finance a portion of the costs thereof through the issuance of the Series 2021 MIA Bonds. The City has further determined to provide for the payment of debt service on the Series 2021 MIA Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX C — Form of Service and Assessment Plan."

THE MAJOR IMPROVEMENT AREA PROJECTS

General

The Major Improvement Area Projects consist of (i) the Wastewater Treatment Plant and (ii) the MAD4 Roadway. See "THE MAJOR IMPROVEMENT AREA PROJECTS" and "THE DEVELOPMENT — Development Plan." Developer is responsible for the completion of the construction, acquisition and purchase of the Major Improvement Area Projects. To the extent that the proceeds of the Series 2021 MIA Bonds are not sufficient to fund the Major Improvement Area Projects, the balance of the Actual Costs for Major Improvement Area Projects will be paid for by Developer. See "THE DEVELOPMENT — Development Plan."

The Appraisal (as defined below) estimates that the "As Is" market value of the Major Improvement Area as of the Date of Value (as defined herein), is \$24,245,000. See "APPENDIX H — Appraisal of the District." See "APPRAISAL." The Actual Cost of the Major Improvement Area Projects is approximately \$6,678,038 (exclusive of Bond Issuance Costs and District Formation Expenses). The Appraisal is attached hereto as APPENDIX H and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City and the Underwriter. Investors should not assume that the disposition of the lots in the Major Improvement Area of the District in the event of default would provide sufficient funds to pay the principal of Series 2021 MIA Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, which are set forth in the Appraisal. See "APPRAISAL" for further information.

Improvement Area #1 Improvements

The Improvement Area #1 Improvements (which do not include the portion of the Major Improvements allocable to Improvement Area #1) include roadway, water, wastewater and drainage improvements benefitting Improvement Area #1 of the District. A description of the Improvement Area #1 Improvements follows:

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

Wastewater. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary

appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

Drainage. Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #1.

Roadway. Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

Trails. Improvements include approximately 5' wide crushed granite trails along the proposed public parkland to be dedicated to the City.

Soft Costs. Include costs associated with engineering and design of Improvement Area #1 Improvements including permits, fees and fiscals.

Improvement Area #2 Improvements

The Improvement Area #2 Improvements (which do not include the portion of the Major Improvements allocable to Improvement Area #2) include roadway, water, wastewater and storm drainage improvements benefitting Improvement Area #2 of the District. A description of the Improvement Area #2 Improvements follows:

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #2.

Wastewater. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #2.

Drainage. Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #2.

Roadway. Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #2.

Soft Costs. Include costs associated with engineering and design of Improvement Area #2 Improvements including permits, fees and fiscals.

Major Improvements

Improvement Area #1 Projects and Improvement Area #2 Projects include the portion of the Major Improvements allocable to Improvement Area #1 and Improvement Area #2. A description of the Major Improvement Area Improvements are as follows:

Wastewater Treatment Plant – Phase I. Phase 1 of Improvements designed and constructed in accordance with 30 TAC Chapter 217 Rules with a nominal treatment capacity of 200,000 gallons per day.

Roadway. Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways part of the MAD4 collector roads. All related earthwork, excavation, erosion control, demolition and paving are included.

Kimbro ROW Acquisition. Improvements including easements needed for relocating the existing Manville water line conflicting with Old Kimbro Road widening.

Soft Costs. Estimated to be 15% of above-described hard costs, inclusive of a 4% construction management fee.

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The table below reflects the total estimated costs for the Improvement Area #1 Projects, Improvement Area #2 Projects, and the Major Improvement Area Projects.

	Total Costs	Improvement Area #1 [a]	Improvement Area #2 [a]	Major Improvement Area [b]
<i>Major Improvements</i>				
Wastewater Treatment Plant Phase 1	\$ 5,119,898	\$ 799,087	\$ 763,720	\$ 3,557,091
Roadway	3,115,626	486,270	464,749	2,164,607
Kimbro ROW Acquisition	47,348	7,390	7,063	32,895
Soft Costs [c]	1,242,431	193,912	185,330	863,189
	<u>\$ 9,525,302</u>	<u>\$ 1,486,659</u>	<u>\$ 1,420,862</u>	<u>\$ 6,617,781</u>
<i>Improvement Area #1 Improvements</i>				
Water	\$ 877,624	\$ 877,624	\$ -	\$ -
Wastewater	761,450	761,450	-	-
Drainage	1,147,364	1,147,364	-	-
Roadway	3,462,805	3,462,805	-	-
Trails	59,850	59,850	-	-
Soft Costs	163,600	163,600	-	-
	<u>\$ 6,472,693</u>	<u>\$ 6,472,693</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Improvement Area #2 Improvements</i>				
Water	\$ 895,023	\$ -	\$ 895,023	\$ -
Wastewater	1,119,316.00	-	1,119,316	-
Drainage	1,164,737.00	-	1,164,737	-
Roadway	4,889,701.55	-	4,889,702	-
Trails	-	-	-	-
Soft Costs	320,400.00	-	320,400	-
	<u>\$ 8,389,178</u>	<u>\$ -</u>	<u>\$ 8,389,178</u>	<u>\$ -</u>
<i>Bond Issuance Costs and District Formation Expenses</i>				
Debt Service Reserve Fund [d]	\$ 882,950	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest [d]	874,475	179,621	171,671	523,183
Underwriter Discount [d]	392,850	92,113	88,037	212,700
Cost of Issuance [d]	785,700	184,227	176,073	425,400
First Year Annual Collection Costs [d]	60,000	15,339	14,661	30,000
	<u>\$ 2,995,975</u>	<u>\$ 666,329</u>	<u>\$ 636,838</u>	<u>\$ 1,692,808</u>
Total	\$ 27,383,147	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

Notes:

[a] Costs were determined by construction contracts provided by Kimley-Horn and Associates dated 1/8/2021.

[b] Costs were determined by Excel Construction Services bid for Wastewater Treatment Plant Phase 1 Improvements dated 11/9/2020 and construction contract provided by Kimley-Horn and Associates dated 1/8/2021 for Roadways Improvements.

[c] Soft costs estimated at 15% of hard costs, inclusive of a 4% construction management fee.

[d] Costs associated with the issuance of Improvement Area #1 bonds were allocated between Improvement Area # 1 and Improvement Area #2 on a pro rata basis based on the amount of Assessments levied.

Source: Service and Assessment Plan; preliminary, subject to change.

Ownership and Maintenance of the Major Improvement Area Projects

The Improvement Area #1 Improvements, Improvement Area #2 Improvements, and the Major Improvements benefiting such improvement areas will be dedicated to and accepted by the City either by fee or through a public use easement and will constitute a portion of the City's infrastructure improvements. The City is constructing the Wastewater Treatment Plant and the Developer is constructing the MAD4 Roadway. The City will

provide for the ongoing operation, maintenance and repair of the roadway, water, wastewater and storm drainage portions of the Improvement Area #1 Improvements, Improvement Area #2 Improvements, and the Major Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor or the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Limited Offering Memorandum and warrants and represents that neither (i) the information under the caption "THE DEVELOPMENT" nor (ii) the information relating to the Developer's plan for developing the land within the District (the "Development") under the subcaption "BONDHOLDERS' RISKS — Dependence Upon Developer" contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. At the time of delivery of the Series 2021 MIA Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Overview

The Development is an approximately 602.9-acre development project located in the fast-growing Austin-Round Rock TX Metropolitan Statistical Area. The Development is wholly within the city limits of the City and is situated in the northeast portion of Travis County at the southeast corner of Lexington Street and Blake Manor Road approximately 12 miles northwest of the downtown central business district of Austin, Texas. The Development is located on the north side of HWY 290.

Property within the District comprising the Development was purchased by Sky Village Kimbro and RHOF in 2016 for a long-term residential and commercial development project. By deed dated, October 31, 2019, Forestar acquired a majority portion of the Property, also referred to herein as the Forestar Parcels, within the District and was assigned to develop all of the residential property in the District. Forestar also owns a portion of the commercial property within the District, also referred to herein as the Forestar Commercial Parcels, which it intends to sell to a third-party commercial developer who will be assigned to develop Forestar Commercial Parcels. RHOF retained a minority portion of the Property and will develop a portion of the commercial property located on Highway 290, also referred to herein as the RHOF Commercial Parcels, within the District. Sky Village Kimbro no longer owns any of the land within the District.

The Development is being developed by the Developer as a long-term development to consist of residential and commercial land use. See "THE DEVELOPER — History and Financing of the District." In addition, the Development will include park(s) and open space areas for its residents, and others, to enjoy. This combination will provide its residents a community environment in which to live. Furthermore, the Development is located within the Manor Independent School District.

Development Plan

The District is expected to include five residential phases of development with some additional commercial development. Future residential phases and the commercial development will all be included in the Future Improvement Areas of the District. See "APPENDIX C — Form of Service and Assessment Plan."

Development has commenced with the concurrent development of the Improvement Area #1 Improvements and the Improvement Area #2 Improvements. Development of the Major Improvements commenced in January of 2021. In addition to the Authorized Improvements, the Developer has agreed, pursuant to the Development Agreement, to dedicate approximately 41.52 acres of parkland and approximately 183.7 acres of open space to the City, for a total of 225.22 acres (the "Parkland and Open Space").

Major Improvements. The Major Improvements include Phase 1 of the Wastewater Treatment Plant, roadway improvements (including the MAD4 Roadway), right-of-way acquisition and soft costs to serve the entire

District. Construction of Phase 1 of the Wastewater Treatment Plant began in March of 2021 and is anticipated to be completed in December of 2021. Construction on the remaining Major Improvements, including the initial segment of the MAD4 Road, began in January of 2021 and are expected to be substantially completed and accepted by the City in August of 2021. The total costs of the Major Improvements are projected at \$9,525,302*.

As development of the District proceeds, the City will commence construction on Phase 2 of the Wastewater Treatment Plant. Phase 2 of the Wastewater Treatment Plant will not be financed through the District, but rather the costs of Phase 2 of the Wastewater Treatment Plant will be financed by the Developer, which costs will be eligible for reimbursement from TIRZ Revenues, if certain criteria under the TIRZ Project and Finance Plan are met, and Impact Fee rebates. See “TIRZ Project and Finance Plan” below.

Improvement Area #1 Improvements. The Improvement Area #1 Improvements include water, wastewater, drainage, roadway, trails, and soft costs necessary to serve Improvement Area #1. The costs of the Improvement Area #1 Improvements are expected to be approximately \$6,472,693*. Improvement Area #1 is expected to contain 264 single-family lots. The Developer has completed all of the lots in Improvement Area #1. As of March 1, 2021, the Developer has spent \$7,702,311 toward the construction of the Improvement Area #1 Projects. Home construction has commenced in Improvement Area #1.

Improvement Area #2 Improvements. The Improvement Area #2 Improvements include water, wastewater, drainage, roadway, and soft costs necessary to serve Improvement Area #2. The costs of the Improvement Area #2 Improvements are expected to be approximately \$8,389,178*. Improvement Area #2 is expected to contain 251 single-family lots. The Developer expects to complete the lots within Improvement Area #2 by February of 2022. As of March 1, 2021, Developer has spent \$6,589,500 toward the construction of the Improvement Area #2 Projects. Home construction has not commenced in Improvement Area #2.

The Developer’s current expectations regarding estimated home and lot prices and lot absorption in Improvement Area #1, Improvement Area #2 and Future Improvement Areas of the District are as follows:

Lot and Home Prices and Absorption in Improvement Area #1

Approximate Lot Width (Sq. Ft.)	Quantity	Base Lot Price ⁽¹⁾	Average Base Home Price ⁽²⁾	Projected Absorption Period of Lots ⁽³⁾	Projected Absorption Period of homes to homeowners ⁽⁴⁾
50'	264	\$60,000	\$285,000	Q1 2022	Q2 2023
Total	264				

(1) Based on actual base lot prices from the Continental Lot Purchase Contract. The base lot price for lots having a designated fifty percent (50%) impervious cover limit under applicable law is \$62,500. The base lot price for lots having a designated forty percent (40%) impervious cover limit under applicable law is \$60,000 per lot. Does not include additional fees to be paid by the Developer.
 (2) The Average Base Home Prices are provided by the Developer. Home prices in the Appraisal may differ.
 (3) The expected completion date of Lots. Based on projections provided by Developer and subject to change.
 (4) The expected final sale date of homes to homeowners and does not include any lots reserved for model homes. Based on projections provided by Developer and subject to change.

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Lot and Home Prices and Absorption in Improvement Area #2

Approximate Lot Width (Sq. Ft.)	Quantity	Estimated Base Lot Price ⁽¹⁾	Estimated Average Base Home Price ⁽²⁾	Projected Absorption Period of Lots ⁽³⁾	Projected Absorption Period of homes to homeowners ⁽⁴⁾
50'	176	\$70,000	\$285,000	Q1 2023	Q1 2024
55'	75	76,000	290,000	Q1 2023	Q2 2024
Total	251				

(1) Based on projections provided by Developer and subject to change. Does not include additional fees to be paid by the Developer.

(2) The Average Base Home Prices are provided by the Developer. Home prices in the Appraisal may differ.

(3) The expected completion date of Lots. Based on projections provided by Developer and subject to change.

(4) The expected final sale date of homes to homeowners and does not include any lots reserved for model homes. Based on projections provided by Developer and subject to change.

Lot and Home Prices and Absorption in the Major Improvement Area

Approximate Lot Width (Sq. Ft.)	Quantity	Estimated Base Lot Price ⁽¹⁾	Estimated Average Base Home Price ⁽²⁾	Projected Absorption Period of Lots ⁽³⁾	Projected Absorption Period of homes to homeowners ⁽⁴⁾
<i>Phase 3</i>					
50'	194	\$63,672	\$302,444	Q4 2025	Q4 2026
55'	44	70,040	307,750	Q4 2025	Q4 2026
60'	47	76,407	318,362	Q4 2025	Q4 2026
Subtotal	285				
Condos	105	40,750	216,486	Q1 2026	Q1 2027
<i>Phase 4</i>					
50'	234	66,245	314,663	Q3 2026	Q3 2027
55'	19	72,869	320,183	Q3 2026	Q3 2027
Subtotal	253				
Condos	265	42,397	225,232	Q1 2027	Q1 2028
<i>Phase 5</i>					
50'	88	66,245	314,663	Q1 2028	Q1 2029
55'	12	72,869	320,183	Q1 2028	Q1 2029
60'	97	79,494	331,224	Q1 2028	Q1 2029
Subtotal	197				
Total	1,105				

(1) Based on projections, assuming 2% inflation, provided by Developer and subject to change. Does not include additional fees to be paid by the Developer.

(2) Based on projections, assuming 2% inflation, provided by Developer and subject to change. The Service and Assessment Plan estimated buildout value for the Major Improvement Area does not take into account inflation. Home prices in the Appraisal may differ.

(3) The expected completion date of Lots. Based on projections provided by Developer and subject to change.

(4) The expected final sale date of homes to homeowners and does not include any lots reserved for model homes. Based on projections provided by Developer and subject to change.

Status of Lot Purchase Contract

Improvement Area #1 is expected to contain 264 single-family lots in total. Improvement Area #2 is expected to contain 251 single-family lots in total. As of January of 2021, the Developer has completed all 180 lots in Phase 1-1 of Improvement Area #1 and all 84 lots within Phase 1-2 of Improvement Area #1. The Developer entered into the Continental Lot Purchase Contract, effective December 22, 2020, to purchase all 180 lots in Phase 1-1 of Improvement Area #1. For earnest money, Developer accepted a corporate promissory note (the "Earnest Money Note") in the amount of ten percent (10%) of the purchase price (the "Earnest Money"). At each closing, the then outstanding balance of the Earnest Money Note shall be deemed reduced on a pro rata basis for each Lot purchased and closed by Continental Homes.

Under the Continental Lot Purchase Contract, Continental Homes was granted a first and superior option to purchase up to fifty percent (50%) of (i) any remaining lots to be developed in Improvement Area #1; and (ii) lots to be developed in Improvement Area #2 and in the Future Improvement Areas. See “APPENDIX E-2 — Form of Disclosure Agreement of Developer.” Additionally, D.R. Horton and the Forestar Group have entered into a “Master Supply Agreement,” dated June 29, 2017, pertaining to the sourcing of lot development opportunities and providing Forestar Group with a source of demand for lots and D.R. Horton with a source of supply of lots.

Continental Homes has agreed to take down thirty-five (35) lots at the initial closing. The initial closing occurred on March 11, 2021 (the “Initial Closing Date”). Not later than ninety (90) days aft the required Initial Closing Date, Continental Homes must purchase an additional twelve (12) lots, and during each thirty (30)-day period thereafter, Continental Homes must purchase a minimum of twelve (12) lots until all remaining lots are closed in Phase 1-1 of Improvement Area #1.

Commercial Development

RHOF expects to develop the RHOF Commercial Parcels in the Development once a substantial amount of the homes in the District are complete. The Forestar Commercial Parcels will be sold and assigned to a commercial developer at a later date for the development of the Forestar Commercial Parcels.

Parkland Dedication

Pursuant to the Creation Resolution and the Development Agreement between the City and Developer as successor in interest to Sky Village Kimbro and RHOF, Developer must dedicate the Parkland and Open Space to the City, which dedication includes approximately 33.7 acres as parkland and approximately 183.7 acres of open space (which open space includes flood plain) for a total of 217.4 acres, together with 7.82 acres of land that was previously conveyed to the City by Developer, for a total of 225.2 acres. The Developer will also construct parkland improvements (the “Parkland Improvements”) in the Parkland to include pedestrian trails, trailheads, shade structures, seating, and recreational playing field(s). See “THE DEVELOPMENT — Development Plan.”

HOA Amenities

Forestar has agreed to construct the “HOA Amenities,” expected to consist of, among other things, a swimming pool, pool house, and playground (collectively, the “Amenity Center”). The Developer anticipates that the HOA Amenities will cost approximately \$1,500,000 to construct. Forestar expects to commence construction of the Amenity Center by September of 2023 and complete such construction by June of 2024. The Amenity Center will be available to all single-family residents. All of the HOA Amenities will be owned, operated and maintained by the Homeowners’ Association.

Development Agreement

The City, Sky Village Kimbro and RHOF entered into the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to Development Agreement effective November 6, 2019. After Forestar acquired the Residential Parcels, Sky Village Kimbro and RHOF assigned all of their rights under the Development Agreement (save and except the RHOF Commercial Parcels) to Forestar on October 31, 2019. Thereafter, the City and Forestar entered into the Second Amendment to the Development Agreement effective October 21, 2020 (the Development Agreement (Manor Heights), as amended, is herein referred to as the “Development Agreement”). The Development Agreement expresses the City’s intent to reimburse the Developer for the cost of constructing the Authorized Improvements and establishing the development standards for the Property. Additionally, the Development Agreement established a maximum assessment per lot that is equal to the lesser of (i) the assessment amount calculated in the Service and Assessment Plan and (ii) an assessment that produces an average Annual Installment resulting in the maximum equivalent tax rate for each lot classification identified in the Service and Assessment Plan equal \$0.33 per \$100 of estimated buildout value.

Payment and Performance Bonds. Pursuant to the Development Agreement, if Authorized Improvements are not complete prior to platting, such improvement area or such phase thereof, the Developer is required to purchase a

payment and performance bond for the benefit of the City in an amount not less than 110% of the cost of such authorized improvements. As a condition of initial plat approval, the Developer was required to provide, to or for the benefit of the City, security to complete the Improvement Area #1 Improvements, in the form of a payment and performance bond in an amount not less than 110% of the project cost of Improvement Area #1 Improvements.

Wastewater Treatment Plant. The Major Improvements include the cost of “Phase 1” of a two-phase 400,000 gallons per day wastewater treatment plant (the “Wastewater Treatment Plant”). Pursuant to the Development Agreement, the City has agreed to construct, and the Developer agreed to finance and pay for the costs of, the Wastewater Treatment Plant. A portion of the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds will be used to reimburse the Developer for the costs of Phase 1 of the Wastewater Treatment Plant. The City commenced construction on Phase 1 of the Wastewater Treatment Plant in March of 2021 and anticipates completion of Phase 1 of the plant in December of 2021. As development of the District proceeds, the City will commence construction on “Phase 2” of the Wastewater Treatment Plant. Pursuant to the Development Agreement, if the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds allocable to Phase 1 of the Wastewater Treatment Plant are not sufficient to complete the construction of such phase of the plant, the Developer will provide to or for the benefit of the City, as security for its obligation to pay for the costs of such phase of the plant, (i) a letter of credit from a reputable financial institution in a form reasonably acceptable to the City, or (ii) a cash payment in an amount equal to (a) 110% of the projected cost of any unconstructed segment of the Wastewater Treatment Plant (taking into account any payments previously made) less the amount of the proceeds of the Series 2021 IA#1-2 Bonds and Series 2021 MIA Bonds within the applicable account of the respective indentures dedicated to pay the completion of Phase 1 of the Wastewater Treatment Plant. If there are insufficient bond proceeds to complete Phase 1 of the Wastewater Treatment Plant, the Developer intends to deposit cash with the Trustee so that additional funds will be available to the City to complete Phase 1 of the Wastewater Treatment Plant. See “THE DEVELOPMENT — Development Plan – Wastewater Treatment Plant” and “THE DEVELOPER — History and Financing of the District.”

MAD4 Roadway. The Major Improvements include the costs of the major arterial roadway commencing at the current termination of Old Kimbro Road and terminating at the northern boundary line of the District (the “MAD4 Roadway”). The Developer commenced construction of the MAD4 Roadway in January of 2021 of the MAD4 Roadway and anticipates completion of the roadway in August of 2021. The Developer has posted a payment and performance bond for the benefit of the City, in an amount of 120% of the estimated costs, to complete the MAD4 Roadway. Additionally, to assure that the MAD4 Roadway is timely completed and that funding is available to complete the roadway, the City and the Developer have entered into a completion agreement (the “MAD4 Roadway Completion Agreement”). See “THE DEVELOPMENT — Development Plan – MAD4 Roadway” and “THE DEVELOPER — History and Financing of the District.”

Impact Fee Rebates. Pursuant to the Development Agreement, the City has agreed to make rebate payments to the Developer for the cost of certain water lines necessary for the City to service the Property (the “Water Line Project”) in an amount equal to fifty percent (50%) of the water impact fees paid to the City for connections to the City water utility system within the Property. The water impact fee rebates will terminate on the earlier to occur of : (i) twelve (12) years from the date on which the first water impact fee is paid for a connect to the City water utility system within the Property; (ii) Developer receiving water impact fee rebates equal to the actual costs of the Water Line Project; or (iii) the expiration of the Development Agreement.

The City has agreed to make rebate payments to the Developer for the cost of certain wastewater lines necessary for the City to service the Property (the “Wastewater Line Project”) and certain off-site wastewater improvements (including the Wastewater Treatment Plant) (the “Off-Site Wastewater Improvements”) in an amount equal to one hundred percent (100%) of the wastewater impact fees paid to the City for connections to the City wastewater utility system within the Property. The wastewater impact fee rebates will terminate on the earlier to occur of : (i) twelve (12) years from the date on which the first wastewater impact fee is paid for a connect to the City wastewater utility system within the Property; (ii) Developer receiving wastewater impact fee rebates equal to the actual costs of the Wastewater Line Project and any of the Offsite Wastewater Improvements not paid for by the TIRZ; or (iii) the expiration of the Development Agreement.

The Financing and Reimbursement Agreement

The City and the Developer entered into, and RHO and Continental Homes, as Landowners consented to, Financing and Reimbursement Agreement dated April 21, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds and the payment of Actual Costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of Actual Costs to the Developer from the proceeds of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds for funds advanced by the Developer and used to pay Actual Costs of Authorized Improvements and other matters related thereto. See “THE DEVELOPMENT — The Financing and Reimbursement Agreement” and “APPENDIX F – Financing and Reimbursement Agreement.”

The Major Improvement Area Reimbursement Agreement

In furtherance of the City’s intent to reimburse the Developer for the costs of the Major Improvement Area Projects, the City and the Developer entered into the MIA Reimbursement Agreement, dated April 21, 2021, which provides for reimbursement of a portion of the Actual Costs of the Major Improvement Area Projects, plus interest, not paid to Developer from the Series 2021 MIA Bonds to be paid to the Developer from Major Improvement Area Assessments. See “THE DEVELOPMENT — The Major Improvement Reimbursement Agreement” and “APPENDIX G – Major Improvement Area Reimbursement Agreement.”

TIRZ Project and Finance Plan

In return for the Developer’s commitment to build homes with an average sales price of \$287,000 for single-family homes (the “Home Price Requirement”) and an average sales price of \$200,000 for condominiums (the “Condo Price Requirement”), the City created the TIRZ to fund the costs of the TIRZ Improvements. The TIRZ was created over the same property located within the District. The City has agreed to deposit into the TIRZ fund for each year of the duration of the TIRZ an amount equal to thirty and one-half percent (30.5%) per \$100 of the captured appraised value levied and collected in the TIRZ.

Under the TIRZ Project and Financing Plan, the Developer is entitled TIRZ Revenues on April 15 of each year until the earlier of (i) 25 years beginning on the second April 15th following the creation of the TIRZ, (ii) the Maximum Contribution (\$19,168,820) has been paid to the Developer, or (iii) the Owner has been paid an amount equal to the cost of the TIRZ Improvements including seven percent (7.0%) simple interest accrued on unreimbursed amounts for the cost of the TIRZ Improvements.

On or about April 1 of each year, the City will calculate the average sales price of homes (the "Project Home Price") and condominiums (the "Project Condo Price") completed in the TIRZ during the prior two (2) calendar years. The Developer will cause homebuilders in the TIRZ to supply the City with the sales price of every home sold within the TIRZ. The City will calculate the City TIRZ contribution percentage for all homes and condominiums completed two (2) calendar years prior according to the methodology provided below.

(i) if the Project Home Price or the Project Condo Price equals or exceeds the Home Price Requirement or the Condo Price Requirement, respectively, as updated annually, the City will contribute 30.5% of its incremental ad valorem taxes; and

(ii) if the Project Home Price or the Project Condo Price is 10% or more below the Home Price Requirement or the Condo Price Requirement, respectively, the City will contribute 0% of its incremental ad valorem taxes; and

(iii) if the Project Home Price or the Project Condo Price is less than 10% below the Home Price Requirement or the Condo Price Requirement, respectively, the City will contribute an amount equal to the following formula:

$$30.5\% \times ((\text{Project Home Price} \div \text{Home Price Requirement} - 90\%) \div 10\%) \text{ or}$$

$$30.5\% \times ((\text{Project Condo Price} \pm \text{Condo Price Requirement} - 90\%) \div 10\%).$$

While preliminary home prices provided by Continental Homes do not currently result an average sales price of \$287,000 for single family homes, the Developer expects that future single family home and condominium prices will result in an average sales price of \$287,000 for single family homes and \$200,000 for condominiums. There are no assurances that the Developer will meet the criteria under the TIRZ Project and Finance Plan to be eligible to receive reimbursement for the TIRZ Improvements. **The TIRZ Revenues are not security for the Series 2021 MIA Bonds.**

Zoning/Permitting

The District is currently zoned under the PDD Ordinance adopted by the City Council on December 10, 2019. The PDD Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area and setbacks. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in the PDD Ordinance. Improvement Area #1 of the District is zoned as R2. Improvement Area #2 and the Major Improvement Area of the District are zoned as PUD.

Education

The District is located entirely within the Manor Independent School District (the "School District"). The land plan for the Development does not include a school site; however, Presidential Meadows Elementary School is located approximately one mile from the Development, and Manor Middle School and Manor High School are both located approximately three miles from the Development.

Presidential Meadows Elementary School is rated above average (5 out of 10), while Manor Middle School and Manor High School are rated as below average (2 out of 10) by GreatSchools.org. According to the Texas Education Agency annual school report cards, Presidential Meadows Elementary School was rated "C"; Manor Middle School was rated "F"; and Manor High School was rated "C" for the 2019 Texas Education Agency Accountability Ratings Overall Summary. (The categories for public school districts and public schools are A, B, C, D or F.)

Environmental

Site Evaluation. Developer has performed a Phase I environmental study; however, Developer's policy considers this environmental report to be confidential in nature. While this report is confidential, all recommendations have been followed or resolved.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the golden-cheeked warbler, whooping crane, and several species of arachnids, amphibians, and insects are considered endangered species in Travis County. The Developer is not aware of any endangered species located on District property.

Existing Mineral Rights

There are certain mineral rights reservations located within the District that are not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Travis County. However, the Developer is not aware of any ongoing or expected mineral rights development or exploration in or adjacent to the District. The City Council has also adopted an ordinance regulating drilling within the corporate limits of the City, which may restrict the development of such rights.

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

Final Geotechnical Exploration

Geotechnical exploration reports covering the property in the District (the “Geotechs”) were completed in September of 2017, May of 2018, August of 2019, and most recently on November 2, 2020. The Geotechs made several recommendations regarding subgrade and foundation soil preparation, lime stabilized subgrade, base course, surface course, and general conditions. The Developer intends to follow all such recommendations.

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the Development. The City also owns various facilities including storage and pump facilities, water distribution and sewage collection lines, meters, valves, and other facilities necessary to provide water and sewer service to its customers. The City’s water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Development. See “THE DEVELOPMENT — Development Agreement – *Major Improvement - Wastewater Treatment Plant.*”

Additional Utilities. The Developer anticipates additional utilities to be provided by: Bluebonnet Electrical, Si Energy, Spectrum, and AT&T.

THE DEVELOPER

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Series 2021 MIA Bonds, issued by a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer’s right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of the Developer

Forestar is a wholly owned subsidiary of Forestar Group. Forestar Group, a majority owned subsidiary of D.R. Horton, stock trades on the NASDAQ under the symbol “FOR.” Forestar Group is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information filed by Forestar Group can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC’s internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the NASDAQ, 1 Liberty Street, New York, New York 10006. All documents subsequently filed by Forestar pursuant to the requirements of the Securities and Exchange Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

In addition, Forestar Group makes available on its website, <https://www.forestar.com/home/default.aspx>, its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on Forestar’s website, available by hyperlink from Forestar’s website or on the SEC’s website, is not incorporated into this Limited Offering Memorandum.

With dozens of active projects across the state of Texas and across the United States, Forestar Group is well versed in public and private development projects and is geographically diverse. The company's strategic relationship with D.R. Horton, the nation's largest homebuilder, complements Forestar Group's vision of creating neighborhoods that enhance the lives of community residents while creating value for shareholders, trade partners and employees. As of December 31, 2020, Forestar Group is developing communities in 51 markets in 21 states.

Forestar's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Series 2021 MIA Bonds. See "BONDHOLDERS' RISKS — Dependence Upon Developer."

Description of Past and Current Projects of Forestar

The following is a brief sampling of past and current development projects of Forestar and its related entities in Central Texas:

Name	Location	Number of Lots	Status of Development
Cibolo Canyons	San Antonio	1000+	Fully Developed
Millbrook	San Marcos	350	Under Development
Creekside	New Braunfels	233	Under Development
Cobalt Canyon	St. Hedwig	223	Under Development
Stolte	San Antonio ETJ	650	Under Development
Applewood	San Antonio ETJ	740	Under Development
Elizondo	St. Hedwig	1,111	Entitlements
Wildhorse	Austin	1500	Entitlements

Executive Biographies of Officers and Principals of Forestar Group

Donald J. Tomnitz, Executive Chairman

Donald J. Tomnitz is currently serving as the Executive Chairman of Forestar Group. Prior to Forestar Group, he served as the Vice Chairman and Chief Executive Officer of D.R. Horton, Inc. from November 1998 to September 2014. He was a Vice President in charge of various divisions of D.R. Horton from 1983 until he was elected Vice President-Western Region in 1994. From 1996 until 1998, Mr. Tomnitz was President of the Company's Homebuilding Division. In 1998, he was elected an Executive Vice President of the Company and in 2000, he became President. Before joining D.R. Horton, Mr. Tomnitz was a Captain in the U.S. Army, a Vice President of RepublicBank of Dallas, N.A., and a Vice President of Crow Development Company, a Trammell Crow Company. Mr. Tomnitz holds a Bachelor of Arts Degree in Economics from Westminster College and a Masters of Business Administration in Finance from Western Illinois University.

Daniel C. Bartok, Chief Executive Officer

Mr. Bartok is currently serving as the Chief Executive Officer of Forestar Group. Mr. Bartok joined Forestar Group on December 29, 2017 with more than 35 years of experience in real estate, most recently serving as the Executive Vice President of Owned Real Estate for Wells Fargo. Prior to joining Wells Fargo, he built a successful real estate development company operating across multiple states, with an emphasis on residential land development and homebuilding. Mr. Bartok graduated from the University of Illinois with a degree in accounting and began his career at Price Waterhouse.

James D. Allen, Chief Financial Officer

Mr. Allen is currently serving as the Chief Financial Officer of Forestar Group. Mr. Allen joined Forestar Group in March 2020 with over 35 years of operating and financial experience, most recently serving as a Senior Operating Partner at Palm Beach Capital where he was responsible for operational oversight and executive and

financial support of the firm's portfolio companies. Prior to joining Palm Beach Capital, he served as CFO of Hollander Sleep Products and held a variety of executive roles at both private and public companies, including Operating Vice President and Group CFO at Sun Capital Partners, Chief Administrative Officer at Mattress Firm Inc. and a variety of C-Suite roles at Tandycrafts Inc. after spending 10 years at PricewaterhouseCoopers where he began his career. Mr. Allen graduated from Evangel University with a BBA in Accounting and Management.

History and Financing of the District

Acquisition and Development Financing. The Developer purchased the Forestar Parcels within the District on November 6, 2019 for approximately \$11,800,000. The Developer's acquisition was made on a cash basis and no third-party financing was used to acquire or has been used to subsequently develop the property within the District. The Developer will fund the Private Improvements, the HOA Amenities and the Parkland Improvements on a cash basis as well. Thus, there are currently no liens on the property within the District which were incurred by the Developer, and the Developer does not currently anticipate incurring any liens on the property within the District for as long as the Developer owns such property (with the exception of the liens for the Assessments and the Major Improvement Area Assessments). The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes.

Fiscal Security. MAD4 Roadway. The Developer has posted a payment and performance bond for the benefit of the City, in an amount of 120% of the estimated costs to complete the MAD4 Roadway. Additionally, to assure that the MAD4 Roadway is timely completed and that funding is available to complete the roadway, the City and the Developer have entered into a completion agreement (the "MAD4 Roadway Completion Agreement"). See "THE DEVELOPMENT — Development Plan – MAD4 Roadway." Pursuant to the MAD4 Roadway Completion Agreement, within ten (10) business days of after written request of the City, Developer must provide evidence to the City that sufficient funds are available to the Developer to fund the completion of the MAD4 Roadway in a manner sufficient to the MAD4 Roadway Completion Agreement. See "THE DEVELOPMENT – The Development Agreement."

Wastewater Treatment Plant. The Developer has secured payment and performance bonds for both Phase 1 and Phase 2 of the Wastewater Treatment Plant. Upon the issuance of the Series 2021 IA#1-2 Bonds and the Series 2021 MIA Bonds, the Developer will deliver to the Trustee for the benefit of the City cash in an amount equal to (a) 110% of the projected cost of any unconstructed segment of Phase 1 of Wastewater Treatment Plant (taking into account any payments previously made) less (b) the amount of the proceeds of the Series 2021 IA#1-2 Bonds and Series 2021 MIA Bonds within the applicable account of the respective indentures dedicated to pay the completion of Phase 1 of the Wastewater Treatment Plant. See "THE DEVELOPMENT – The Development Agreement."

THE ADMINISTRATOR

The City has selected P3Works, LLC as the initial Administrator. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Series 2021 MIA Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Texas and North Richland Hills, Texas. The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for county billing and collection
- Establishing and maintaining a database of all County Parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquires
- Determination of prepayment amounts

- Preparation and review of disclosure notices with Dissemination Agent
- Review of Developer draw requests for reimbursement of Authorized Improvement costs.

APPRAISAL OF PROPERTY WITHIN THE MAJOR IMPROVEMENT AREA

The Appraisal

General. Flato Realty Advisors, LLC (the “Appraiser”) prepared an appraisal report for the City and the Underwriter dated as of April 13, 2021, based upon a physical inspection of the District conducted on March 1, 2021 (the “Appraisal”). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX H and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX H — Appraisal of the District.”

The Appraisal was conducted during the worldwide COVID-19 virus pandemic. Market conditions created by the pandemic have reportedly affected and are affecting the operating performance of certain real estate related properties; however, there is no market evidence to support nor indicate that these conditions are impacting upper end suburban residential development. Additionally, as of the time of the Appraisal, vaccines are being widely distributed and cases and restrictions on travel are being reduced. It is projected that the pandemic and its effects are not currently and will not impact the District as of the date of completion. Therefore, it is the Appraiser’s interpretation of the market that no measurable impact on market value is present. However, the Appraiser cannot be held responsible for any impact on the value of the property which occurred post effective date of valuation, whether related to the COVID-19 pandemic or other market influence.

Value Estimates. The Appraiser appraised the land within the Major Improvement Area on an “As Is” basis. The Appraisal does not reflect the value of the District or Major Improvement Area as if sold to a single purchaser in a single transaction. Additionally, the “As Is” market value is completed under the hypothetical condition that the PID improvements are complete as of the date of valuation. The size and number of lots is per the subdivision plan provided by the Developer. Should the land size or number/size of lots, based upon the proposed development, change, the value conclusion is subject to revision. The “As Is” market value of the Major Improvement Area, using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal as of March 1, 2021 (the “Date of Value”), is \$24,245,000. See “APPENDIX H — Appraisal of the District.”

The Appraisal is attached hereto as APPENDIX H and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City and the Underwriter. Investors should not assume that the disposition of the lots in the Major Improvement Area of the District in the event of default would provide sufficient funds to pay the principal of Series 2021 MIA Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, which are set forth in the Appraisal. See “APPRAISAL” for further information.

None of the Underwriter, the Developer, the Financial Advisor nor the City make any representations as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the Developer, the City, the Financial Advisor and the Underwriter make no representation as to the reasonableness of such assumptions.

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

BONDHOLDERS' RISKS

Before purchasing any of the Series 2021 MIA Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Series 2021 MIA Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Series 2021 MIA Bonds) should be carefully considered prior to purchasing any of the Series 2021 MIA Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

THE SERIES 2021 MIA BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2021 MIA BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2021 MIA BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2021 MIA BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2021 MIA BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2021 MIA BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The ability of the City to pay debt service on the Series 2021 MIA Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the Major Improvement Area to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within the Major Improvement Area, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Series 2021 MIA Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within the Major Improvement Area #1. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Series 2021 MIA Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Series 2021 MIA Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Series 2021 MIA Bonds.

The City has not applied for or received a rating on the Series 2021 MIA Bonds. The absence of a rating could affect the future marketability of the Series 2021 MIA Bonds. There is no assurance that a secondary market for the Series 2021 MIA Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Infectious Disease Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021, the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 took effect on March 10, 2021. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide. The Developer cannot predict the effect of the continued spread of COVID-19 will have on the District; however, such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City and lead to unemployment for property owners within the District or may otherwise have a negative impact on the sale of parcels, lots or homes within the District. The Series 2021 MIA Bonds are secured by Assessments levied on benefited property within the Major Improvement Area of the District. If lot or home sales are negatively impacted by the Pandemic, the Developer will continue to be responsible for the payment of the Assessments as long as it owns such lots.

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City’s operations and financial condition. None of the City, the Financial Advisor, the Underwriter or the Developer can predict the impact the Pandemic may have on the City, the financial and operating condition of the Developer, the projected buildout schedule, home prices and buildout values or an investment in the Series 2021 MIA Bonds.

Failure or Inability to Complete Proposed Development

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See “Availability of Utilities” and “Hazardous Substances” below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the Development must come from the City.) There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE SERIES 2021 MIA BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO

PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE MAJOR IMPROVEMENT AREA IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Series 2021 MIA Bonds.

Completion of Homes

The cost and time for completion of homes by the Developer is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

Absorption Rate

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

Assessment Limitations

Annual Installments of Assessments are billed to property owners in the Major Improvement Area of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of the Series 2021 MIA Bonds maturing in each year, Annual Collection Costs, and the Additional Interest. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Series 2021 MIA Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Series 2021 MIA Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Series 2021 MIA Bonds. See “BONDHOLDERS’ RISKS — Remedies and Bankruptcy” herein.

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

Based upon the language of Texas Local Government Code, § 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment

payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Landowners represent that they own all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Series 2021 MIA Bonds.

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

Risks Related to the Current Real Estate Market

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market difficult. These downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District.

Competition

The housing industry in the Austin area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the building programs that are planned will ever commence. The competitive position of the Developer in the sale of developed lots or single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

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

<u>Project Name</u>	<u>Prices (\$1,000s)⁽¹⁾</u>	<u>Approximate Distance to Development</u>
Lagos	\$227 - \$300	5 mile
Heritage at Wildhorse	\$255 - \$350	12 miles
Presidential Glen	\$200 - \$270	1.5 miles
Presidential Heights	\$196 - \$235	3 miles
Presidential Meadows	\$190 - \$257	3 miles

⁽¹⁾ Per the Appraisal

Loss of Tax Exemption

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Series 2021 MIA Bonds for federal income tax purposes. As discussed under the caption “TAX MATTERS” herein, interest on the Series 2021 MIA Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Series 2021 MIA Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Series 2021 MIA Bonds under federal or State law and could affect the market price or marketability of the Series 2021 MIA Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Series 2021 MIA Bonds should consult their own tax advisors regarding the foregoing matters.

Bankruptcy

The payment of Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2021 MIA Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the Developer to pay the Assessments. See “OVERLAPPING TAXES AND DEBT.”

Depletion of Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Series 2021 MIA Bonds if sufficient amounts are not available in the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Fund, the amount in the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue

Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

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

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

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency. See “THE DEVELOPMENT — Environmental” for discussion of previous Phase I ESA performed on property within the District.

Regulation

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

Potential Future Changes in State Law Regarding Public Improvement Districts

The 87th Legislative Session of the State convened on January 12, 2021. During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during the 87th Legislative Session or any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

100-Year Flood Plain

According to the National Flood Insurance Rate Map Community Panel Number 48453C0505H and 48453C0485J, portions of the Development’s gross land area is within Zone A, subject to the 100-year floodplain; however, the proposed lots and commercial developments of the Development are all located within Zone X and not

subject to the floodplain. There is a buildable site area on each lot that will be outside of the 100-year and 500-year floodplain. To reclaim portions of the Development within the floodplain for future development, the engineer concluded that grading in future phases will require a revision to the current floodplain map through the Letter of Map Revision (LOMR) process. The Developer has started this permitting process.

Additionally, FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may exceed the Flood Plain.

Exercise of Mineral Rights

As described herein under “THE DEVELOPMENT— Existing Mineral Rights,” there are certain mineral rights reservations located within the District, including in the Major Improvement Area not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Travis County. However, the Developer is not aware of any ongoing or expected mineral rights development or exploration in or adjacent to the District.

Certain rules and regulations of the Texas Railroad Commission may restrict the ability of mineral owners on adjacent properties to explore or develop such property due to well density, acreage, or location issues. Additionally, the City Council has also adopted an ordinance regulating drilling within the corporate limits of the City, which may restrict the development of such rights.

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

Bondholders’ Remedies and Bankruptcy

Upon the happening and continuance of any one or more of the Events of Default under the Indenture, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Series 2021 MIA Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Series 2021 MIA Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Series 2021 MIA Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Series 2021 MIA Bonds. The enforceability of the rights and remedies of the owners of the Series 2021 MIA Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”), the Texas Supreme Court addressed whether the distinction, as found in tort-based causes of action, between governmental and proprietary acts (the “Proprietary-Governmental Dichotomy”) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Series 2021 MIA Bonds may not be able to bring such a suit against the City for breach of the Series 2021 MIA Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Series 2021 MIA Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

Use of Appraisal

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in an appraisal is based on various assumptions of future expectations and while the appraiser’s forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Series 2021 MIA Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District, including the Major Improvement Area

In performing its analyses, an appraiser makes numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser’s, Underwriter’s and

City's control, as well as to certain factual matters. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation.

The Appraisal was conducted during the worldwide COVID-19 virus pandemic. Market conditions created by the pandemic have reportedly affected and are affecting the operating performance of certain real estate related properties; however, there is no market evidence to support nor indicate that these conditions are impacting upper end suburban residential development. Additionally, as of the time of the Appraisal, vaccines are being widely distributed and cases and restrictions on travel are being reduced. It is projected that the pandemic and its effects are not currently and will not impact the District as of the date of completion. Therefore, it is the Appraiser's interpretation of the market that no measurable impact on market value is present. However, the Appraiser cannot be held responsible for any impact on the value of the property which occurred post effective date of valuation, whether related to the COVID-19 pandemic or other market influence.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained in the Appraisal may change dramatically, or differently than projected under stable market conditions. Therefore, the Appraisal recommends a more frequent review of the valuation and advises the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed in the Appraisal. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak" and "APPENDIX H — Appraisal – Extraordinary Assumptions and Hypothetical Conditions."

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Series 2021 MIA Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Series 2021 MIA Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within the District available to pay debt service on the Series 2021 MIA Bonds may be limited by the existence of other tax liens on the property. (See "OVERLAPPING TAXES AND DEBT" herein.) Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclose sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Series 2021 MIA Bonds in the event of a payment default or other default under the terms of the Series 2021 MIA Bonds or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Series 2021 MIA Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Series 2021 MIA Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Tax-Exempt Status of the Series 2021 MIA Bonds

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Series 2021 MIA Bonds to be included in the gross income of owners of the Series 2021 MIA Bonds for federal income tax purposes, possibly from the date of original issuance of the Series 2021 MIA Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series 2021 MIA Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has announced that its audit efforts will focus in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. In recent audits, the IRS has asserted that interest on such "developer-driven" obligations can be taxable, in certain circumstances, even when those transactions otherwise meet all applicable tax law requirements. It cannot be predicted if this IRS focus could lead to an audit of the Series 2021 MIA Bonds or what the result would be of any such audit. If an audit of the Series 2021 MIA Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagree, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Series 2021 MIA Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2021 MIA Bonds. Finally, if the IRS ultimately determines that the interest on the Series 2021 MIA Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the Issuer may not have the resources to settle with the IRS, the Series 2021 MIA Bonds are not required to be redeemed, and the interest rate on the Series 2021 MIA Bonds will not increase.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Series 2021 MIA Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

General Risks of Real Estate Investment and Development

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or

other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer. Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Failure to meet the lot purchase contract's conditions allows the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back.

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

Availability of Utilities

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

Dependence upon Developer

Initial Liability for the Major Improvement Area Assessments. As of April 1, 2021, the Developer and RHOF own all of the property within the Major Improvement Area. The Developer is responsible for 85.84% payment of the total Major Improvement Area Assessments and RHOF is responsible for 14.16% payment of the total Major Improvement Area Assessments.

Assessment Payments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Series 2021 MIA Bonds. The City will pay the Developer, or the Developer's designee, from proceeds of the Series 2021 MIA Bonds for project costs actually incurred in developing and constructing the Major Improvement Area Projects within the District. See "THE MAJOR IMPROVEMENT AREA PROJECTS" and "THE DEVELOPMENT — Development Plan".

There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments, if necessary, or as to whether the Developer will advance such funds.

The source of funding for future land development activities and infrastructure construction to develop the remaining lots proposed for the District also consists of proceeds from Future Improvement Area Bonds and proceeds of lot sales, as well as possible bank financing and equity contributions by the Developer and its parent company.

Finally, if for any reason, the Development cannot be completed as planned, the Developer or any subsequent property owner will nevertheless remain responsible for the full amount of the applicable Assessments, notwithstanding the fact that the amount of the Assessments when levied assumed the full development of the Major Improvement Area Assessed Property.

Agricultural Use Valuation and Redemption Rights

All of the property in the Major Improvement Area is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer expects that property will be removed from agricultural valuation as development progresses. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second

year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although Major Improvement Area Assessments are not considered a tax under State law, the PID Act provides that the lien for Major Improvement Area Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Major Improvement Area Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

Prior to the closing of the Series 2021 MIA Bonds, the Developer will execute the Agreement Regarding Waiver of Right of Redemption – Manor Heights Public Improvement District (a “Redemption Waiver Agreement”) with the City, covering the property within the Major Improvement Area subject to the agricultural valuation, pursuant to which the Developer will waive its right to redeem any agricultural valuation property. The Developer will record the Redemption Waiver Agreement in the Real Property Records of Travis County, Texas and it will run with the land. Accordingly, any subsequent purchaser will be required to execute an Acknowledgement of Assumption of Waiver of Right of Redemption, which will also be recorded in the Real Property Records of Travis County, Texas. Although the Redemption Waiver Agreement is intended to protect the City and the bondholders against potential redemption rights of the Developer in the context of a foreclosure proceeding, because there is currently no case law with respect to waiver of redemption rights or an agricultural valuation, it is unclear whether the Redemption Waiver Agreement is enforceable under State law.

TAX MATTERS

Tax Exemption

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the City, assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Series 2021 MIA Bonds is excludable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (“Code”), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals.

In rendering its opinion, Bond Counsel has relied on the City’s covenants contained in the Indenture and the City’s covenants contained in the Federal Tax Certificate, that each will comply with the applicable requirements of the Code, relating to, inter alia, the use and operation of the project and the use and investment of proceeds of the Series 2021 MIA Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Series 2021 MIA Bonds being subject to federal income tax from the date of issue of the Series 2021 MIA Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Series 2021 MIA Bonds that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2021 MIA Bonds.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the “Service”); rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Series 2021 MIA Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2021 MIA Bonds could adversely affect the value and liquidity of the Series 2021 MIA Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Collateral Federal Income Tax Consequences

Prospective purchasers of the Series 2021 MIA Bonds should be aware that the ownership of the Series 2021 MIA Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2021 MIA Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2021 MIA Bonds will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2021 MIA Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2021 MIA Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2021 MIA Bonds, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the “dividend equivalent amount” for the taxable year. Interest on the Series 2021 MIA Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation.

In addition, passive investment income, including interest on the Series 2021 MIA Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Series 2021 MIA Bonds

The initial public offering price of certain discount Series 2021 MIA Bonds (the “Discount Series 2021 MIA Bonds”) may be less than the amount payable on such Series 2021 MIA Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Series 2021 MIA Bonds (assuming that a substantial amount of the Discount Series 2021 MIA Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Series 2021 MIA Bonds. A portion of such original issue discount allocable to the holding period of such Discount Series 2021 MIA Bonds by the initial purchaser will, upon the disposition of such Discount Series 2021 MIA Bonds (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2021 MIA Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Series 2021 MIA Bonds, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Series 2021 MIA Bonds and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of

calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Series 2021 MIA Bonds by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Series 2021 MIA Bonds in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Series 2021 MIA Bonds was held) is includable in gross income. Owners of Discount Series 2021 MIA Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Series 2021 MIA Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Series 2021 MIA Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Series 2021 MIA Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2021 MIA Bonds (the "Premium Series 2021 MIA Bonds") may be greater than the amount payable on such Series 2021 MIA Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Series 2021 MIA Bond (assuming that a substantial amount of the Premium Series 2021 MIA Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Series 2021 MIA Bonds. The basis for federal income tax purposes of a Premium Series 2021 MIA Bond in the hands of such initial purchaser must be reduced each year by the amortizable Series 2021 MIA Bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Series 2021 IA#1-2 Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Series 2021 MIA Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Series 2021 MIA Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Series 2021 MIA Bonds.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Series 2021 MIA Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Series 2021 MIA Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2021 MIA Bonds.

Prospective purchasers of the Series 2021 MIA Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 MIA Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Series 2021 MIA Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State to the effect that the Series 2021 MIA Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Series 2021 MIA Bonds, the legal opinion of Bond Counsel, to a like effect.

Bickerstaff Heath Delgado Acosta LLP serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Series 2021 MIA Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Series 2021 MIA Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Series 2021 MIA Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Series 2021 MIA Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Series 2021 MIA Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Series 2021 MIA Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Series 2021 MIA Bonds herein under the captions or subcaptions "PLAN OF FINANCE — The Series 2021 MIA Bonds," "DESCRIPTION OF THE SERIES 2021 MIA BONDS," "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts") "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (first paragraph only), "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF SERIES 2021 MIA BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B, and such firm is of the opinion that the information relating to the Series 2021 MIA 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 Series 2021 MIA Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 MIA Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

At the time of delivery and payment for the Series 2021 MIA Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Series 2021 MIA Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Series 2021 MIA Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2021 MIA Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Series 2021 MIA Bonds or any action of the City contemplated by any documents relating to the Series 2021 MIA Bonds.

Litigation — The Developer

At the time of delivery and payment for the Series 2021 MIA Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its managing member, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Series 2021 MIA Bonds, the Indenture, the Service and Assessment Plan, the Financing and Reimbursement Agreement, or the MIA Reimbursement Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Series 2021 MIA Bonds (individually or in the aggregate, a “Material Adverse Effect”). Forestar Group and Forestar have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. According to the Developer, such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

SUITABILITY FOR INVESTMENT

Investment in the Series 2021 MIA Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Series 2021 MIA Bonds are not rated by any nationally recognized municipal securities rating service.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2021 MIA Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2021 MIA Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2021 MIA Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 MIA Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by governmental immunity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery, and by general principles of equity that permit the exercise of judicial discretion.

NO RATING

No application for a rating on the Series 2021 MIA Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Series 2021 MIA Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the SEC (the “Rule”), the City, the Administrator and UMB Bank, N.A., as dissemination agent (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”), for the benefit of the Owners of the Series 2021 MIA Bonds (including Owners of beneficial interests in the Series 2021 MIA Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Issuer, certain financial information and operating data relating to the City (collectively, the “City Reports”). The specific nature of the information to be contained in the City Reports is set forth in “APPENDIX E-1 — Form of Disclosure Agreement of Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Issuer would allow the Owners of the Series 2021 MIA Bonds (including Owners of beneficial interests in the Series 2021 MIA Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2021 MIA Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Issuer or from any statement made pursuant to the Disclosure Agreement of Issuer.

The City’s Compliance with Prior Undertakings

The City was not obligated to undertake any continuing disclosure reporting until its issuance of the Lagos Public Improvement District Special Assessment Revenue Bonds in January of 2020. Since that time, the City has complied in all material respects with its continuing disclosure agreements made by it in accordance with the Rule.

The Developer

Pursuant to the Rule, the Developer, the Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”), for the benefit of the Owners of the Series 2021 MIA Bonds (including Owners of beneficial interests in the Series 2021 MIA Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Authorized Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Series 2021 MIA Bonds (including Owners of beneficial interests in the Series 2021 MIA Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the

Disclosure Agreement of Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2021 MIA Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Developer's Compliance with Prior Undertakings

[Developer has entered into various continuing disclosure agreements pursuant to Security and Exchange Commission Rule 15c2-12 (each a "Continuing Disclosure Agreement") concerning bond issuances related to properties Developer owns and controls. To the best of Developer's knowledge, during the past five years, Developer has complied in all material respects with any and all obligations under any Continuing Disclosure Agreement to which it is a party.]

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Series 2021 MIA Bonds from the City at a purchase price of \$_____ (the par amount of the Series 2021 MIA Bonds, less a reoffering discount of \$_____ less an underwriting discount of \$_____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Series 2021 MIA Bonds the Underwriter will be obligated to purchase all of the Series 2021 MIA Bonds. The Series 2021 MIA Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF SERIES 2021 MIA BONDS FOR SALE

The sale of the Series 2021 MIA Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Series 2021 MIA Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2021 MIA Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Series 2021 MIA Bonds under the securities laws of any jurisdiction in which the Series 2021 MIA Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2021 MIA Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Series 2021 MIA Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Series 2021 MIA Bonds by municipalities or other political subdivisions or public agencies of the State, the PFA requires that the Series 2021 MIA Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Series 2021 MIA Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Series 2021 MIA Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Series 2021 MIA Bonds are legal investments for various institutions in those states. No representation is made that the Series 2021 MIA Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Series 2021 MIA Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Series 2021 MIA Bonds for such purposes.

INVESTMENTS

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

Legal Investments

Under State law, the City is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this State and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 365 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the

program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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

Investment Policies

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

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

Additional Provisions

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in

an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than fifteen percent (15%) of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2021 MIA Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Series 2021 MIA Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2021 MIA Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2021 MIA Bonds, the technical or financial feasibility of the project, or the investment quality of the Series 2021 MIA Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at <https://www.umb.com/>. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Series 2021 MIA Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Major Improvements, the Development and the Developer generally and, in particular, the information included in maps on pages (ii) - (vi) and in the sections captioned “PLAN OF FINANCE — Development Plan,” “THE MAJOR IMPROVEMENT AREA PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Authorized Improvements and the Development), “LEGAL MATTERS — Litigation — The Developer,” and “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Series 2021 MIA Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

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

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

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Series 2021 MIA Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Series 2021 MIA Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Series 2021 MIA Bonds have been sold to ultimate customers; in which case the City’s obligations hereunder will extend for an additional period of time (but not more than ninety (90) days after the date the City delivers the Series 2021 MIA Bonds) until all of the Series 2021 MIA Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

AUTHORIZATION AND APPROVAL

The City Council will approve the form and content of this preliminary Limited Offering Memorandum and the use thereof by the Underwriter in connection with the marketing and sale of the Series 2021 MIA Bonds. In the Bond Ordinance, the City Council will approve the form and content of the final Limited Offering Memorandum.

CITY OF MANOR, TEXAS

Mayor

ATTEST:

City Secretary

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

Historical Employment in Travis County (Average Annual)

	Average Annual				
	2020	2019	2018	2017	2016
Civilian Labor Force	759,594	741,101	719,238	698,699	677,945
Total Employed	720,478	722,054	698,868	677,404	656,425
Total Unemployed	39,116	19,047	20,370	21,295	21,520
Unemployment Rate	5.1%	2.6%	2.8%	3.0%	3.2%

Source: Texas Workforce Commission, as February 20, 2021; Statistics for 2020 are from December 2020.

Major Employers in Travis County

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
State of Texas	Government	59,082
The University of Texas at Austin	Education & Research	25,759
H.E.B. Grocery Co.	Grocery Stores	18,035
City of Austin	Government	15,912
Dell Inc.	Electronics	14,030
Federal Government	Government	12,624
Austin ISD	Education	11,286
Ascension Seton	Health Services	11,227
St. David's Healthcare	Health Services	10,836
Wal-Mart Stores, Inc.	Retail	7,500

Source: The Municipal Advisory Council of Texas, as of September 2020.

Building Permits

Year Ended	Commercial		Residential		Grand Total (\$)
	Number ⁽¹⁾	Value (\$)	Number	Value	
30-Sep					
2015	9	6,993,775	240	37,559,960	44,553,735
2016	17	6,292,822	281	47,727,421	54,020,243
2017	3	1,920,000	590	132,134,514	134,054,514
2018	30	37,718,084	558	143,927,683	181,645,767
2019	10	16,405,970	611	174,338,256	190,744,226
2020	10	77,161,580	823	243,226,846	320,338,427
2021 ⁽¹⁾	16	26,194,164	129	38,343,402	64,537,566

Source: City of Manor

⁽¹⁾ Includes multi-family new building permits.

⁽²⁾ As of March 1, 2021.

Surrounding Economic Activity

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

City of Elgin, TX		City of Pflugerville, TX		City of Austin, TX		City of Round Rock, TX	
Approximately 12 Miles from Manor		Approximately 12 Miles from Manor		Approximately 15 Miles from Manor		Approximately 15 Miles from Manor	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Elgin ISD	548	Pflugerville ISD	1,627	State Government	38,589	Dell Inc.	13,000
HEB Grocery	160	City of Pflugerville	381	University of Texas at Austin	27,426	Round Rock ISD	6,955
ACME Brick Company	140	Wal-Mart	275	City of Austin	14,471	City of Round Rock	1,008
Elgin Butler	125	Mtech	268	HEB	13,901	Emerson Process Management	875
Southside Market & BBQ	85	Cash Construction Company	250	Federal Government	13,400	Round Rock Premium Outlets	800
City of Elgin	65	HEB	225	Dell Computer Corporation	13,000	Scott & White University Medical Campus	750
IMT (Synco Vac, Inc.	62	Costco	200	Austin ISD	11,098	Seton Medical Center Williamson	750
McDonald's	59	Target	200	St. David's Healthcare	10,665	Round Rock Medical Center	689
Meyer Sausage/Smokehouse	54	Flextronics	195	Ascension Seton	10,513	United Parcel Service	563
Hanson Brick Company	50	Avant Technologies	155	Samsung Austin Semiconductor	8,935	Trellis Company	485

City of Bastrop, TX	
Approximately 28 Miles from Manor	
Employer	Employees
Bastrop ISD	1,427
Hyatt Regency Lost Pines Resort	650
Bastrop County	464
MD Anderson Cancer Center	439
H.E.B Grocery Co.	408
Wal-Mart	311
Agilent/Stratagene	306
Bastrop FCI	276
Buc-ee's	169
Bluebonnet Electric Co-Op	168

City of Buda, TX	
Approximately 30 Miles from Manor	
Employer	Employees
Wal-Mart	325
US Foods	300
Capital Excavation	300
Dynamic Systems	200
Fat Quarter Shop	160
Texas Lehigh	160
ProBuild	130
Cabela's	120
Cap City Steel	100
Jardines	75

Source: Municipal Advisory Council of Texas. While not listed above, Del Valle, Texas was selected as the host city for Tesla's new factory. The Tesla factory is expected to bring 5,000 jobs to Del Valle, Texas, which is approximately 14 miles from Manor.

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APPENDIX B
FORM OF INDENTURE

INDENTURE OF TRUST

By and Between

CITY OF MANOR, TEXAS

and

**UMB BANK, N.A.,
as Trustee**

DATED AS OF MAY 1, 2021

SECURING

**\$ _____,
CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

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EXHIBIT B Form of City Certificate..... B-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of May 1, 2021 is by and between the CITY OF MANOR, TEXAS (the “*City*”), and UMB BANK, N.A., 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 (the “*Petition*”) was submitted by Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company, and filed with the City Secretary of the City (the “*City Secretary*”) on September 10, 2018, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “*PID Act*”), requesting the creation of a public improvement district located in the City to be known as the Manor Heights Public Improvement District (the “*District*”); and

WHEREAS, the Petition contained the signatures of the owners of taxable property representing more than fifty-percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Travis Central Appraisal District, and the signatures of property owners who own taxable real property that constitutes more than fifty-percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on November 7, 2018 after due notice, the City Council of the City (“*City Council*”) held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2018-10 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 services; and

WHEREAS, on November 9, 2018 the City published notice of its authorization of the creation of the District in the *Manor Community News*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of 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 November 9, 2018; and

WHEREAS, on October 7, 2020, after due notice, the City Council held a public hearing in the matter required by law on the advisability of adding additional land to the boundaries of the District; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2020-11 adopted by a majority of the members of the City Council, authorized adding additional land to the boundaries of the District; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, filed proposed “Assessment Rolls” for the District with the City Secretary and made the proposed Assessment Rolls subject to public inspection, and also directed and caused the City Secretary to publish notice of a public hearing on May 5, 2021 in the *Manor Journal*, a newspaper of general circulation in the City, for the consideration of the proposed “Improvement Area #1-2 Assessments” and the “Major Improvement Area Assessments” (collectively, the “*Assessments*”) and the “Service and Assessment Plan,” and to, on the same date, mailed notice of the public hearing to the last known address of each property owner liable for such assessments; and

WHEREAS, on May 5, 2021, the City Council convened the public hearing, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to make any objection to the proposed Assessment Rolls and the Assessments; and

WHEREAS, at the May 5, 2021 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs (defined herein), the Assessment Rolls, or the levy of the Assessments; and

WHEREAS, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City Secretary or the City, the City Council closed the hearing; and

WHEREAS, on May 5, 2021, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted Ordinance No. 2021-___ (the “*Assessment Ordinance*”) and therein levied the Improvement Area #1 Assessments, Improvement Area #2 Assessments and Major Improvement Area Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Major Improvement Area Assessments for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects (defined herein), (ii) paying interest on the Series 2021 MIA Bonds (defined herein) during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of Bonds (defined herein) to be entitled “City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “*Series 2021 MIA Bonds*”), such Series 2021 MIA Bonds being payable solely from the Trust Estate (defined herein), consisting primarily of the Major Improvement Area Assessment Revenue (defined herein) and other funds pledged under this Indenture to the payment of Series 2021 MIA Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created and to serve as Trustee upon the terms set forth in this Indenture.

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

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

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 equal and ratable benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, if and to the extent that Major Improvement Area Assessments have been prepaid, the lien on the real property associated with such Prepayment shall be released and the rights of the Trustee and Owners under this Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

FURTHER 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 all the Bonds at the times

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

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

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

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

“10% or Greater Manner” shall have the meaning assigned to such term in Section 4.5(a).

“*Account*” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“*Actual Costs*” means, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, finance, 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; (6) to implement, administer, and manage the above-described activities; and (7) for the creation of the District and the costs of the issuance of the Bonds. 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 incremental interest rate charged on the Major Improvement Area Assessments securing the Bonds, in excess of the interest rate charged on the Bonds, in the amount of one-half of one percent (0.50%) as authorized pursuant to the PID Act.

“*Additional Interest Reserve Account*” means the Account established pursuant to Section 6.1 hereof.

“*Additional Interest Reserve Requirement*” means, initially, an amount equal to 5.5% of the par amount of the Outstanding Bonds which will be funded from the payment of the Additional Interest deposited to the Pledged Revenue Fund.

“*Additional Obligations*” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Major Improvement Area Assessments securing the Bonds, levied against property within the Major Improvement Area 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 hereof.

“*Administrator*” means P3Works, LLC, unless and until a different Administrator is designated by the City and if no Administrator is designated, the City.

“*Annual Collection Costs*” means, with respect to the Major Improvement Area, the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of the Bonds, and the construction, operation and maintenance of the Major Improvement Area Projects, 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 Major Improvement Area Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Major Improvement Area Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Bonds; (6) investing or depositing Major Improvement Area Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the administration of a reimbursement agreement and the issuance and sale of the Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Amounts collected for Annual Collection Costs but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

“*Annual Installment*” means, with respect to the Major Improvement Area Assessments, the annual installment payments of a Major Improvement Area Assessment calculated by the Administrator and approved by the City Council, including: (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) the 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.

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

“*Assessed Property*” means each respective Parcel of land located within the Major Improvement Area, other than Non-Benefited Property, against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Assessment(s)*” means the aggregate assessments shown on the Major Improvement Area Assessment Roll, which is Exhibit J to the Service and Assessment Plan. The singular of such term means the assessment levied against an Assessed Property, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“*Assessment Ordinance*” means Ordinance No. 2021-___ adopted by the City Council on May 5, 2021 that levied the Assessments on the Assessed Properties.

“*Assessment Revenue*” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“*Assessment Roll*” or “*Assessment Rolls*” means collectively or separately as applicable, the Assessment Rolls for the Assessed Properties within the District, included in the Service and Assessment Plan as Exhibit F for Improvement Area #1, as Exhibit H for Improvement Area #2, and as Exhibit J for Major Improvement Area, or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, 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 issuance of PID Bonds or in connection with any Annual Service Plan Update.

“*Authorized Denomination*” means \$100,000 and any integral multiple of \$5,000 in excess thereof, or such smaller amount authorized by Section 4.5(c); *provided, however*, that upon receipt by the Paying Agent/Registrar of written evidence that the Bonds have received an Investment Grade Rating, Authorized Denomination shall mean \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. With

respect to Bonds issued other than the Series 2021 MIA Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Bonds.

“*Authorized Improvements*” means those public improvements, including the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements, authorized by Section 372.003 of the PID Act, including those listed in Section III and Exhibit C and depicted in Exhibit O of the Service and Assessment Plan.

“*Bond Counsel*” means Bickerstaff Heath Delgado Acosta LLP 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 Series 2021 MIA Bonds by Section 3.2(a) of this Indenture.

“*Bond Fund*” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 hereof.

“*Bond Ordinance*” means Ordinance No. 2021-____ adopted by the City Council on May 5, 2021, authorizing the issuance of the Series 2021 MIA Bonds pursuant to this Indenture.

“*Bond Year*” means the one-year period beginning on September 15 in each year and ending on September 14 in the following year.

“*Bonds*” or “*Bond*” means all bonds or any bond authorized by the bond ordinance and issued in accordance with this Indenture, including the Series 2021 MIA Bonds, Refunding Bonds, Future Improvement Area Bonds, and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

“*Business Day*” means any day other than 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.

“*Certification for Payment*” means a certification for payment substantially in the forms of Exhibit D attached to the Financing Agreement executed by Forestar (USA) Real Estate Group, Inc. and submitted to the City and approved by the City Representative, specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in accounts of the Project Fund as further described in the Financing Agreement and Section 6.5 herein.

“*City*” means the City of Manor, Texas.

“*City Certificate*” means a certificate signed by the City Representative and delivered to the Trustee certifying that the Trustee is authorized to take the action specified in the City Certificate, and a form of City Certificate is included as *Exhibit B* to this Indenture.

“*City Council*” shall have the meaning ascribed to such term in the recitals hereof.

“*City Engineer*” means the civil engineer or firm of civil engineers selected by the City to perform the duties set forth herein and in the Financing Agreement.

“*City Improvements Account*” means the Account of such name established pursuant to Section 6.1.

“*City Representative*” means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

“*Closing Date*” means the date of the initial delivery of and payment for the applicable Series of Bonds.

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

“*Continuing Disclosure Agreements*” or “*Continuing Disclosure Agreement*” means both, or either of, the Continuing Disclosure Agreements by and between the City, the Administrator and the Dissemination Agent with respect to the Series 2021 MIA Bonds, and by and between Forestar (USA) Real Estate Group, Inc., the Administrator and the Dissemination Agent, with respect to the Series 2021 MIA Bonds.

“*County*” means Travis County, Texas.

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

“*Delinquent Collection Costs*” means for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Major Improvement Area 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 located in Austin, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“*Developer*” means Forestar (USA) Real Estate Group, Inc., a Delaware corporation.

“*Developer Improvement Account*” means the Account of such name established pursuant to Section 6.1.

“*Development Agreement*” means the agreement titled the “Development Agreement,” and which was entered into by and between the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company on November 7, 2018, as assigned to Forestar (USA) Real Estate Group, Inc. on October 31, 2019, as amended on November 6, 2019, and as further amended on October 21, 2020.

“*Dissemination Agent*” means UMB Bank, N.A., and its successors.

“*District*” shall have the meaning set forth in the first recital.

“*District Administration Account*” means the Account established by Section 6.1 hereof.

“*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.

“*Event of Default*” shall have the meaning, with respect to this Indenture, set forth in Section 11.1 hereof.

“*Excess Additional Interest Reserve Amount*” shall have the meaning set forth in Section 6.7(e) hereof.

“*Financing Agreement*” means the “*Manor Heights Public Improvement District Financing and Reimbursement Agreement*” between the City and the Developer, and consented to by RHOF, LLC and by Continental Homes of Texas, L.P., dated as of April 21, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds and the payment of Actual Costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of Actual Costs to the Developer from the proceeds of the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds for funds advanced by the Developer and used to pay Actual Costs of Authorized Improvements and other matters related thereto.

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

“*Fund*” means any of the funds established pursuant to Section 6.1 of this Indenture.

“*Future Improvement Area Bonds*” means bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Improvement Area. In connection with the Future Improvement Area Bonds, Assessments will be levied only on Parcels located within the Future Improvement Area in question.

“*Future Improvement Area Improvements*” means the Authorized Improvements in the Future Improvement Areas.

“*Future Improvement Areas*” means the property within the Major Improvement Area of the District, consisting of approximately 383.102 acres within the District. Future Improvement

Areas may be developed in phases after Improvement Area #1 and Improvement Area #2 of the Project. The Future Improvement Areas are subject to adjustment and are shown for example only.

“Improvement Area #1” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-2 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-2 to the Service and Assessment Plan.

“Improvement Area #1 Assessments” means the Assessments levied on Improvement Area #1.

“Improvement Area #1-2 Bonds” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) that are secured by actual revenues received by or on behalf of the City from the collection of the Improvement Area #1 Assessments and the Improvement Area #2 Assessments.

“Improvement Area #2” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-3 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-3 to the Service and Assessment Plan.

“Improvement Area #2 Assessments” means the Assessments levied on Improvement Area #2.

“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 Appraisal” means, in establishing the appraised value, (i) the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a specific Future Improvement Area or the District, as applicable, for which the Future Improvement Area Bonds are to be issued as established by publicly available data from the county appraisal district, (ii) an “as-complete” appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the Authorized Improvements to be funded with the Future Improvement Area Bonds, (iii) a certificate delivered to the City by a qualified independent third party (which party may be the Administrator or a licensed appraiser) certifying on an individual lot type basis, the value of each lot in the Future Improvement Area or District, as applicable, for which such Future Improvement Area Bonds are to be issued based on either (x) the average gross sales price (which is the gross amount including escalations and reimbursements due to the seller of the lots) for each lot type based on closings of lots in the Future Improvement Area for which such Future Improvement Bonds are to be issued or any preceding Future Improvement Areas of the District for which PID Bonds have been issued to fund Authorized Improvements or (y) the sales price in the actual lot purchase contracts in the Future Improvement Area for which the Future Improvement Area Bonds are to be issued.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest,

direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City or related by consanguinity or affinity to any such officer or employee, but who may be regularly retained to make reports to the City.

“*Initial Bond*” means, with respect to the Series 2021 MIA Bonds, the Initial Series 2021 MIA Bond, and with respect to any other Series of Bonds, the initial bond set forth in the applicable Supplemental Indenture.

“*Initial Series 2021 MIA Bond*” means the Initial Series 2021 MIA Bond as set forth in *Exhibit A* to this Indenture.

“*Interest Payment Date*” means the date or dates upon which interest on the Series 2021 MIA Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing [] 15, 202_.

“*Investment Grade Rating*” means a rating on the Bonds, assigned by a Rating Agency in one of such Rating Agency's four highest categories for long-term debt instruments (without regard for gradation within a rating category and without regard for credit enhancement unless such credit enhancement extends through the final maturity date of the Bonds) or otherwise designated as investment grade by a Rating Agency.

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

“*Landowner*” or “*Landowners*” means, collectively, Forestar (USA) Real Estate Group, Inc., a Delaware corporation, RHOF, LLC, a Texas limited liability company, and Continental Homes of Texas, L.P., a Texas limited partnership, and any successor and assigns, or if Landowner's interest in property located in the District is transferred, in whole or in part, in any manner, the subsequent landowner(s) or the successors(s) or assign(s) of such subsequent landowner.

“*Less Than 10% Manner*” shall have the meaning assigned to such term in Section 4.5(a).

“*MIA Costs of Issuance Account*” means the Account established pursuant to Section 6.1 hereof.

“*MIA Improvements Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Major Improvement Area*” means the area in the District to be developed that is described by metes and bounds in Exhibit A-4 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-4 to the Service and Assessment Plan.

“*Major Improvement Area Assessed Property*” means each respective Parcel of land located within Major Improvement Area of the District, other than Non-Benefited Property,

against which a Major Improvement Area Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Major Improvement Area Assessment(s)*” means the aggregate assessments shown on the Major Improvement Area Assessment Roll. The singular of such term means the assessment levied against a Major Improvement Area Assessed Property, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of a Major Improvement Area Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“*Major Improvement Area Assessment Revenue*” means monies collected by or on behalf of the City from any one or more of the following: (i) a Major Improvement Area Assessment levied against a Major Improvement Area Assessed Property, or Annual Installment payment thereof, including any interest on such Major Improvement Area Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“*Major Improvement Area Assessment Roll*” means the Assessment Roll attached as Exhibit J to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Major Improvement Area Assessment against each Major Improvement Area Assessed Property related to the Bonds and the Major Improvement Area Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“*Major Improvement Area Projects*” means the Major Improvement Area’s allocable share of the Major Improvements.

“*Major Improvement Area Reimbursement Agreement*” means the Reimbursement Agreement, effective as of April 21, 2021, by and between the City and the Developer that provides for reimbursement of a portion of the Actual Costs of the Major Improvement Area Projects, plus interest, not paid to Developer from the Series 2021 MIA Bonds to be paid to the Developer from Major Improvement Area Assessments.

“*Major Improvements*” means the improvements and associated soft costs that benefit the entire District and are allocated pro rata to Improvement Area #1, Improvement Area #2, and the Major Improvement Area based on estimated buildout value, and are more specifically described in Section III.A of the Service and Assessment Plan, and which are to be financed with the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds.

“*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.

“*Non-Benefited Property*” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefitted Property at the time the Assessments (1) are imposed or (2) are reallocated pursuant to a subdivision of a Parcel that is not assessed.

“*Outstanding*” means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.11 herein.

“*Owner*” or “*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 3.13 herein.

“*Parcel*” means a property identified by either a tax map identification number assigned by the Travis Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of Travis County, or by any other means determined by the City.

“*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 Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“*PID Bonds*” means the Bonds and any other bonds issued by the City and secured by Assessments levied on Assessed Properties within the District.

“*Pledged Funds*” means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of this Indenture, excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“*Pledged Revenue Fund*” means that fund established pursuant to Section 6.1 hereof and administered pursuant to Section 6.3 herein.

“*Pledged Revenues*” means the sum of (i) Major Improvement Area Assessment Revenue (other than Delinquent Collection Costs); (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“*Prepayment*” means the payment of all or a portion of a Major Improvement Area Assessment, with interest that has accrued to the date of prepayment, 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 a Major Improvement Area Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Major Improvement Area Assessment.

“*Principal and Interest Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Project Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“*Purchaser*” means, with respect to a Series of Bonds, the initial underwriter of such Bonds.

“*Quarter in Interest*” means as of any particular date of calculation, the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds. In the event that two or more groups of Owners 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 Owners with the greatest percentage of Outstanding Bonds (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

“*Rating Agency*” means each of Moody's Investors Service, Inc., S&P Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, Inc., and any other nationally recognized statistical rating organization recognized as such by the SEC.

“*Rebate Amount*” has the meaning ascribed to such term in section 1.148-1(b) of the Regulations.

“*Rebate Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“*Record Date*” means the close of business on the last calendar day (whether or not a 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 herein.

“*Redemption Price*” means 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

“*Refunding Bonds*” means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

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

“*Regulations*” shall have the meaning set forth in Section 7.5(a) hereof.

“*Reimbursement Fund*” means that fund established pursuant to Section 6.1 and administered in Section 6.12 herein.

“*Reserve Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Reserve Account Requirement*” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date therefor, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date therefor, or (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$[], which is an amount equal to Maximum Annual Debt Service on the Bonds as of the Closing Date therefor.

“*Reserve Fund*” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“*SEC*” means the United States Securities and Exchange Commission.

“*Series*” means any designated series of Bonds issued under this Indenture.

“*Series 2021 MIA Bonds*” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) that are secured by actual revenues received by or on behalf of the City from the collection of Major Improvement Area Assessments levied against Major Improvement Area Assessed Property, or the Annual Installments thereof, for the Major Improvement Area.

“*Service and Assessment Plan*” means the document, including the Assessment Rolls, as amended, which is attached as Exhibit A to the Assessment Ordinance, as same is amended and updated from time to time.

“*Sinking Fund Installment*” means the amount of money to redeem or pay at maturity the principal of Series 2021 MIA Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“*Stated Maturity*” means the date the Bonds 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 Certificate*” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Series 2021 MIA Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date for the Series 2021 MIA Bonds which establish that it is not expected that the proceeds of the Series 2021 MIA Bonds will be used in a manner that would cause the interest on such Series 2021 MIA Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

“*Trustee*” means UMB Bank, N.A., Austin, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

“*Value to Lien Ratio*” means with respect to any Future Improvement Area Bonds, the ratio of the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a Future Improvement Area or the District, as applicable, for which Future Improvement Area Bonds are issued, based on an Independent Appraisal, to the sum of (i) the principal amount of the Future Improvement Area Bonds to be issued to fund all or a portion of the costs of the Authorized Improvements in the Future Improvement Area or the District, as applicable, (ii) the principal amount of any Outstanding PID Bonds issued to fund all or a portion of the cost of Authorized Improvements in or allocable to the Future Improvement Area or the District, as applicable, and (iii) principal amount of special assessments levied on a specific assessed parcel or assessed parcels, as applicable, in or allocable to the Future Improvement Area or the District, as applicable, which special assessments are not pledged as security for PID Bonds.

“*Waiver Agreement*” means that certain Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation between the City and the Developer, dated May 5, 2021.

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 legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization and government or agency or political subdivision thereof.

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

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

ARTICLE II THE BONDS

Section 2.1. Security for the Bonds.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date for the applicable Series of Bonds or each series of Bonds 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 Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the 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 or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

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

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

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Series 2021 MIA Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and general laws of the State of Texas, including particularly the PID Act, as amended. The Series 2021 MIA Bonds shall be issued in the aggregate principal amount of \$ _____ for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds.

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

(a) The Series 2021 MIA Bonds shall be dated May 1, 2021 (the “*Bond Date*”) and shall be issued in Authorized Denominations. Upon the receipt of an Investment Grade Rating on the Series 2021 MIA Bonds, the City shall promptly notify the Dissemination Agent in writing of such rating change and shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and to forward such notice to the Paying Agent/Registrar and to the Trustee. The Dissemination Agent shall file such notice and forward the same to the Paying Agent/Registrar and to the Trustee immediately following the day on which it receives written notice of such occurrence from the City. Any such notice is required to be filed within ten (10) Business Days of the occurrence of the receipt of the Investment Grade Rating. Upon receipt by the Paying Agent/Registrar of written evidence that the Series 2021 MIA Bonds have received an Investment Grade Rating, beneficial ownership in the Series 2021 MIA Bonds may be acquired in principal denominations of \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2021 MIA Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Series 2021 MIA Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Series 2021 MIA Bond from the later of the date of initial delivery of the Series 2021 MIA Bonds 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 15 and September 15 of each year, commencing [] 15, 202__ computed on the basis of a 360-day year of twelve 30-day months.

(c) The Series 2021 MIA Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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[INSERT TABLE]

(d) The Series 2021 MIA Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Series 2021 MIA Bond set forth in *Exhibit A* to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Series 2021 MIA Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2021 MIA Bonds and, upon payment of the purchase price of the Series 2021 MIA Bonds, shall deliver the Series 2021 MIA Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (1) a certified copy of the Assessment Ordinance;
- (2) a certified copy of the Bond Ordinance;
- (3) a copy of the executed Financing Agreement;
- (4) a copy of the executed Major Improvement Area Reimbursement Agreement;
- (5) a copy of this Indenture executed by the Trustee and the City;
- (6) a City Certificate directing the authentication and delivery of the Series 2021 MIA Bonds, describing the Series 2021 MIA Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2021 MIA Bonds are to be delivered, stating the purchase price of the Series 2021 MIA Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
- (7) a copy of the executed opinion of Bond Counsel; and
- (8) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

(b) This Section applies only to the Bonds, if any, issued after the Series 2021 MIA Bonds. Each Series of Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Bonds and, upon payment of the purchase price of such Series

of Bonds, shall deliver such Series of Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (1) the items described in Section 3.3(a)(1), (3), (4), and (5) above;
- (2) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Bonds and all actions necessary therefor;
- (3) an original executed counterpart of the Supplemental Indenture for such Series of Bonds that establishes, 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 Bonds, which such terms shall include a deposit into the Reserve Account of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds and the Bonds then proposed to be issued;
- (4) a copy of the opinion of Bond Counsel required by Section 10.1 hereof;
- (5) a City Certificate, including the requisite information as set forth in Section 3.3(a)(6) above, to the effect that the issuance of such Series of Bonds complies with the requirements contained herein and in each Supplemental Indenture;
- (6) the City Representative shall certify to the Trustee in writing that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained herein or in any Supplemental Indenture;
- (7) evidence reasonably satisfactory to the Trustee that the principal (including sinking fund installments) of such Bonds is scheduled to mature on September 15 of the years in which principal is scheduled to mature; and
- (8) evidence reasonably satisfactory to the Trustee that the interest on such Bonds is scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for thirty (30) days or more 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 (the “*Special Payment Date*,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of

the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the City such funds theretofore held by it for payment of such Bonds. Thereafter, the registered Owner of that Bond shall look only to the City for payment and then only to amounts so received by the City. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

(e) In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is not 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 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.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5. Execution and Registration of Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, each Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that each Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

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

Section 3.6. Refunding Bonds.

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

subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

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

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

Section 3.7. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

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

Section 3.8. Registration, Transfer and Exchange.

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

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

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

hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

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

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

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

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

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

Section 3.9. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.10. Temporary Bonds

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

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

Section 3.11. Replacement Bonds.

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

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

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

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

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

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

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

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its

discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

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

Section 3.12. Book-Entry Only System.

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

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

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

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

Section 3.14. Payments to Cede & Co.

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

Section 3.15. Use of Book-Entry-Only System Not Required.

Notwithstanding any provision of this Indenture to the contrary, any Supplemental Indenture may provide that a Series of Bonds will not be issued in book-entry-only form and that Sections 3.12 – 3.14 of this Indenture will not apply to such Series of Bonds.

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2021 MIA Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds other than the Bonds shall be subject to redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2021 MIA Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity 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 Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

Term Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

(a) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subsections (c) through (d) of this Section 4.2, the Trustee shall select by lot, a principal amount of Series 2021 MIA Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2021 MIA Bonds to be redeemed on such mandatory sinking fund redemption date, shall call such Series 2021 MIA Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(b) The principal amount of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2021 MIA Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 MIA Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(c) The Sinking Fund Installments of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 MIA Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, hereof, and not previously credited to a mandatory sinking fund redemption, as follows:

(i) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bonds in the inverse order of mandatory sinking fund redemption dates.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Series 2021 MIA Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

(a) The City reserves the right and option to redeem the Series 2021 MIA Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(c)), transfers to the Redemption Fund made pursuant to Section 6.3(d), 6.3(e), 6.7(a), 6.7(c), 6.7(e), or 6.7(i) hereof, or as a result of unexpended amounts transferred from the MIA Improvements Account of the Project Fund as provided in Section 6.5(d). The City shall notify the Trustee in writing at least forty-five (45) days before the scheduled extraordinary option redemption date fixed by the City, or such other time period as the Trustee and the City shall mutually agree.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Series 2021 MIA Bonds.

(b) In lieu of redeeming the Series 2021 MIA Bonds with the funds described in this Section, the City may purchase the Series 2021 MIA Bonds in the open market of the maturity to be redeemed at the price not in excess of that provided in Section 4.7.

Section 4.5. Partial Redemption.

(a) If less than all of the Series 2021 MIA Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4, respectively, hereof, the Series 2021 MIA Bonds or portion of a Series 2021 MIA Bond of any one maturity to be redeemed shall be selected in the following manner:

(i) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 MIA Bonds and a portion of all Outstanding Series 2021 MIA Bonds shall be redeemed in the principal amount allocated to such Series 2021 MIA Bonds (the “10% or Greater Manner”); and

(ii) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the Outstanding Series 2021 MIA Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Series 2021 MIA Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Series 2021 MIA Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Series 2021 MIA Bond by \$5,000.

(b) A portion of an Outstanding Series 2021 MIA Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 MIA Bond of a maturity is selected for redemption pursuant to subsection 4.5(a) hereof, the Trustee shall select the Outstanding Series 2021 MIA Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Series 2021 MIA Bond as though it were a single Series 2021 MIA Bond for purposes of selection for redemption. No redemption shall result in a Series 2021 MIA Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of the Outstanding Series 2021 MIA Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Series 2021 MIA Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

(c) Upon surrender of any Series 2021 MIA Bond for redemption in part, the Trustee in accordance with Section 3.8 of this Indenture, shall authenticate and deliver and exchange the Series 2021 MIA Bond or Series 2021 MIA Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 MIA Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 MIA Bond representing the unredeemed balance of such Series 2021 MIA Bond shall be issued to the Owner thereof, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(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 Series 2021 MIA Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 MIA Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 MIA Bonds are to be surrendered for payment, and, if less than all the Series 2021 MIA Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Series 2021 MIA Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2021 MIA Bond shall become due and payable.

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

(d) The 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 Series 2021 MIA Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written notice of such rescission from the City, the Trustee shall

mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Series 2021 MIA Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 MIA 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 Series 2021 MIA Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 MIA Bonds have not been redeemed.

Section 4.7. Purchase Price for Series 2021 MIA Bonds.

Upon receipt of written notice from the City specifying the Series 2021 MIA Bonds to be purchased, the Trustee shall apply moneys available for redemption to the purchase of Series 2021 MIA Bonds which were otherwise to be redeemed in such order or priority and subject to such restrictions as may be prescribed in this Indenture in the manner provided in this Section. The purchase price paid by the Trustee on behalf of the City (excluding accrued and unpaid interest but including any brokerage and other charges) for any Series 2021 MIA Bond purchased by the City pursuant to this Section shall not exceed the principal amount of such Series 2021 MIA Bond.

Section 4.8. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Series 2021 MIA Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Series 2021 MIA Bonds being redeemed.

(b) Upon presentation and surrender of any Series 2021 MIA Bond called for redemption at the designated corporate trust office of the Trustee (initially, Austin, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Series 2021 MIA Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.9. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Series 2021 MIA Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Series 2021 MIA Bonds or the principal of and interest on such Series 2021 MIA Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Series 2021 MIA Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Series 2021 MIA Bonds are presented and surrendered for payment on such date.

ARTICLE V
FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Series 2021 MIA Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Trustee, and the Assignment to appear on each of the Series 2021 MIA Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Series 2021 MIA Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2021 MIA Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2021 MIA Bonds.

(c) The definitive Series 2021 MIA Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2021 MIA Bonds, as evidenced by their execution thereof.

(d) The Initial Series 2021 MIA Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) The form of each Series of Bonds other than the Series 2021 MIA Bonds shall be set forth in the applicable Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of S&P Global Market Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2021 MIA Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2021 MIA Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Series 2021 MIA Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2021 MIA Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Series 2021 MIA Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Series 2021 MIA Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2021 MIA Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 5.4. Statement of Insurance.

A statement relating to municipal bond insurance policy, if any, to be issued for the Series 2021 MIA Bonds may be printed on or attached to each Series 2021 MIA Bond.

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) Redemption Fund;
- (v) Reserve Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

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

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account.

(ii) The following Account(s) are hereby created and established under the Project Fund:

- (A) MIA Improvements Account;
- (B) City Improvements Account; and

(C) MIA Costs of Issuance Account.

(iii) If the City Representative provides written instruction to the Trustee, the Trustee shall open a Developer Improvement Account under the Project Fund, and the funds held therein shall not be Pledged Funds or part of the Trust Estate. The Developer Improvement Account shall be maintained and used for the purposes, and in accordance with the provisions, stated in the following Section 6.5 of this Indenture.

(iv) The following Account(s) are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(c) (Each Fund (and each Account and each subaccount, if any) created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

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

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Series 2021 MIA Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Capitalized Interest Account of the Bond Fund: _____;

(ii) to the Reserve Account of the Reserve Fund: \$_____ which is equal to the initial Reserve Account Requirement;

(iii) to the District Administration Account of the Administrative Fund: \$_____;

(iv) to the MIA Costs of Issuance Account of the Project Fund: \$_____;

(v) to the City Improvements Account of the Project Fund: \$_____;
and

(vi) to the MIA Improvements Account of the Project Fund: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15, 2022, and on or before February 15th of each year thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited all Pledged Revenues with the Trustee, to the extent such Funds are not already on deposit with the Trustee. Upon the Trustee's receipt of the Pledged Revenues, the Trustee shall deposit or cause to be deposited the Pledged Revenues to be applied by the Trustee in the following order of priority:

- (i) first, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (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 the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest to cause the amount in the Additional Interest Reserve Account to equal the Additional Interest Reserve Requirement;
- (iv) fourth, to pay other Actual Costs of the Major Improvement Area Projects; and
- (v) fifth, to pay other costs permitted by the PID Act.

Along with each transfer to the Trustee, the City shall provide a City Certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid. Any money on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and are not security for the Bonds.

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

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds in the same manner described by Section 11.4(a) below.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt Foreclosure Proceeds to the Pledged Revenue Fund and after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, first to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Major Improvement Area Assessed Property or Major Improvement Area Assessed Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to Section 6.3(a)(i) – (iv) above, the City may direct the Trustee by City Certificate to apply Major Improvement Area Assessments for any lawful purposes permitted by the PID Act for which Major Improvement Area Assessments may be applied. The Trustee may rely on such written direction 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 interest then due and payable on the Bonds, less any amount to be used to pay interest on the Series 2021 MIA Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Series 2021 MIA Bonds on the following dates and in the following amounts:

Date **Amount**

[INSERT TABLE]

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the MIA Improvements Account of the Project Fund, or if the MIA Improvements Account of the Project Fund has been closed as provided in Section 6.5(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2021 MIA Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the MIA Improvements Account, the City Improvements Account, the Developer Improvement Account, if such account has been established pursuant to written instruction of the City Representative, and the MIA Costs of Issuance Account of the Project Fund shall be used for the purposes specified herein.

(b) Disbursements from the MIA Improvements Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached hereto as *Exhibit B*, containing a properly executed and completed Certification for Payment. The disbursement of funds from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement, the Major Improvement Area Reimbursement Agreement (if applicable) and this Section 6.5 of the Indenture. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Reimbursement Agreement are herein incorporated by reference and deemed set forth herein in full, provided the Trustee shall be protected in disbursing from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5.

(c) Disbursements from the City Improvements Account of the Project Fund to pay the City's allocable portion of the Actual Costs of the Major Improvement Area Projects, as specified in the Service and Assessment Plan, shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached hereto as *Exhibit B*, containing a properly executed and completed Certification for Payment. The Trustee shall be protected in disbursing from the City Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5.

(d) Disbursements from the MIA Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with a City Certificate providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

(e) If the City Representative reasonably determines that amounts then on deposit in the MIA Improvements Account of the Project Fund are not expected to be expended for purposes of the MIA Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the MIA Improvements Account of the Project Fund will ever be expended for the purposes of the MIA Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the MIA Improvements Account that are not expected to be used for purposes of the MIA Improvements Account. If such City Certificate is so filed, the amounts on deposit in the MIA Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with this Indenture, and the MIA Improvements Account shall be closed.

(f) If the City Representative reasonably determines that amounts then on deposit in the City Improvements Account of the Project Fund are not expected to be expended for purposes of the City Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the City Improvements Account of the Project Fund will ever be expended for the purposes of the City Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the City Improvements Account that are not expected to be used for purposes of the City Improvements Account. If such City Certificate is so filed, the amounts on deposit in the City Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with this Indenture, and the City Improvements Account shall be closed.

(g) Not later than six (6) months following the Closing Date or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund shall be transferred to the MIA Improvements Account of the Project Fund as directed by the City in a City Certificate filed with the Trustee, and the MIA Costs of Issuance Account of the Project Fund shall be closed. If the MIA Improvements Account of the Project Fund has been closed, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund, that would have been transferred to such Account under this Section 6.5(e) of the Indenture, shall be transferred, as directed by the City in a City Certificate, to the MIA Improvements Account of the Project Fund to fund additional improvements or shall be transferred to the District Administration Account of the Administrative Fund to reduce future payments for administrative expenses.

(h) Money on deposit in the Developer Improvement Account, if such an account is established pursuant to the written instruction of the City Representative, is a cash deposit securing the Developer's performance of certain obligations. Moneys on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and are not security for the Bonds. Disbursement from the Developer Improvement Account shall be made by the Trustee upon receipt by the Trustee of a City Certificate, containing a properly executed and completed Certification for Payment, indicating that the funds to be disbursed are not required to be maintained in the Developer Improvement Account. The disbursement of funds from the Developer Improvement Account pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the provisions of this Section 6.5 of the Indenture. The Trustee shall be protected in disbursing funds from the Developer Improvement Account pursuant to a City Certificate delivered under this Section 6.5. If all of the money on deposit in the Developer Improvement Account is disbursed in accordance with a City Certificate delivered under this Section 6.5, the Developer Improvement Account shall be closed.

(i) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a report issued by the City Engineer or a certificate of an Independent Financial Consultant.

In providing any disbursement under this Section, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such City Certificate if such certificate is signed

by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any City Certificate by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Series 2021 MIA Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Series 2021 MIA Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account will be initially funded with a deposit of \$_____ from the proceeds of the Series 2021 MIA Bonds and the City agrees with the Owners of the Bonds to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority in Section 6.3(a) hereof, an amount equal to the Additional Interest in the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account.

(b) 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.

(c) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Redemption Fund

toward payment of accrued and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 45 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, or (ii) to the MIA Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess (the "*Excess Additional Interest Reserve Amount*"). Such excess on deposit in the Additional Interest Reserve Account shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund in order to effect the redemption of Bonds pursuant to Section 4.4. In the event that the Trustee does not receive a City Certificate directing the transfer of the Excess Additional Interest Reserve Amount to the Administrative Fund within forty-five (45) days of providing notice to the City of such Excess Additional Interest Reserve Amount, the Trustee shall transfer the Excess Additional Interest Reserve Amount to the Redemption Fund and redeem the Bonds pursuant to extraordinary optional redemption.

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

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Fund withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of

such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “City of Manor, Texas, Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government related to the Bonds in accordance with the Code. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount instructed by City Certificate to be transferred thereto.

(b) In order to assure that the Rebate Amount 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. The Trustee shall withdraw from the Rebate Fund and pay to the United States the amounts instructed by City Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) hereof and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) hereof in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Administrative Expenses. Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan.

(b) The Administrative Fund is not a Pledged Fund.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee only as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in

effect from time to time; the City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by this Indenture or to prevent any default. In the event the City does not provide written investment directions, the Trustee is instructed to invest funds into the Fidelity Treasury Money Market Fund #2016 (CUSIP 31607A406).

(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 shall be accomplished by transferring a like amount of Investment Securities unless the City instructs the Trustee otherwise by written direction.

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above.

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

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 6.11. Advances from Available Funds.

In the event of a delinquency in the payment of any installment of the Major Improvement Area Assessment levied upon any property for the payment of the principal portion of an Annual Installment, the City may, but is not obligated to, be the purchaser of the delinquent property upon which any of said Major Improvement Area Assessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general ad valorem property taxes, and in the event the City does so become the purchaser of such property, shall pay and transfer and

deposit into the Pledged Revenue Fund the amount of any remaining amount of unpaid Major Improvement Area Assessment, delinquent Major Improvement Area Assessment installments and interest thereon. The City may also pay and transfer from available funds and deposit into the Pledged Revenue Fund, but shall not be so obligated, the amount of any such Major Improvement Area Assessment pending redemption or sale. Any amounts so advanced by the City shall be recoverable upon sale or redemption of the property. The City shall not be obligated to advance available funds to cure any deficiency in the Pledged Revenue Fund, or any other Fund created hereunder, and has determined that it would not obligate itself to advance available funds from other funds of the City to cure any such deficiency.

Section 6.12. Reserved.

Section 6.13. 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 Major Improvement Area Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Major Improvement Area Assessments against the respective Major Improvement Area Assessed Properties from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Major Improvement Area Assessments.

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

(b) 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 Major Improvement Area Assessment or the corresponding Major Improvement Area Assessed Property.

Section 7.3. Against Encumbrances.

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

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on the Pledged Revenues, the Pledged Funds, the Trust Estate or any other property pledged under this Indenture, except that the City may issue Future Improvement Area Bonds and Refunding Bonds in accordance with the terms of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, and the obligation to the Developer to reimburse it under the Major Improvement Area Reimbursement Agreement for funds it has contributed to pay Actual Costs of the Major Improvement Area Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Major Improvement Area Assessments. The Trustee and Owner or Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Issue Date.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Issue Date*” for the tax-exempt Bonds or other obligations of the City is the respective date on which such bonds or other obligations of the City is delivered against payment therefor.

“*Net Sale Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Major Improvement Area Assessments will meet the requirements of the “tax assessment loan exception” within the meaning of section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Major Improvement Area Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Issue Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the final Computation Date. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) *Not Hedge Bonds.* The City will not invest more than 50 percent of the Proceeds of each series of the Bonds in Nonpurpose Investments having a substantially guaranteed yield for four years or more. On the Issue Date of each series of the Bonds, the City reasonably expects that at least 85 percent of the Net Sale Proceeds of each series of the Bonds will be used to carry out the governmental purpose of such series within three years after the respective Issue Date of such series.

(k) *Elections.* The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII LIABILITY OF CITY

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

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

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.

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “*Bond Documents*”), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate or the amounts collected to pay Annual Collection Costs on deposit in the District Administration Account of the Administrative Fund.

Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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 the City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and

counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that absent an Event of Default, the Trustee shall not request or require indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to deliver any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the District Administration Account of the Administrative Fund to pay all costs, fees, expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held in the District Administration Account of the Administrative Fund.

Section 9.3. Responsibilities of the Trustee.

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

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Major Improvement Area of the District.

(d) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

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

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

(h) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a Quarter in Interest of the Bonds 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.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of a Quarter in Interest of the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(j) Before taking any action under this Indenture (other than making any payment of principal, premium, or interest on the Bonds), the Trustee may require that a satisfactory indemnity be furnished to it for the payment or reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which it adjudicated to have resulted from its negligence or willful misconduct.

(k) 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.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Financing Agreement, and the Development Agreement, 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 and shall not be deemed to have knowledge of any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but 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 not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the District Administration Account of the Administrative Fund, upon written direction from the City,

compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, 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, upon delivery of an invoice therefor to the City, and the Trustee shall have a lien therefor on any and all funds at any time held by the Trustee (except the Rebate Fund). None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys held in the District Administration Account of the Administrative Fund and to the extent moneys in the Administrative Fund are insufficient, then from any money in its possession (except the Rebate Fund) and shall be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held by the Trustee (except the Rebate Fund). The right of the Trustee to fees, expenses, 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 and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City. 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 Owners of not less than 10% of the aggregate principal amount of the Bonds Outstanding.

Section 9.10. Successor Trustee.

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.

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 after any such vacancy shall have occurred by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

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.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to any Rating Agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

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

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and 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. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its

transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

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

Section 9.16. Offering Documentation.

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

Section 9.17. 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 9.18. Environmental Hazards.

The Trustee may inform any Owner 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.

ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of more than fifty percent (50%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to the pledge and lien created for the benefit of the Bonds, (iii) except as otherwise permitted by this Indenture, permit the creation by the City of any pledge or lien upon the Trust Estate on a parity with the pledge and lien created for the benefit of the Bonds, or (iv) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

- (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;
- (iv) to authorize a Series of Refunding Bonds in accordance with the provisions of this Indenture; and
- (v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the above, no Supplemental Indenture under this Section 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 Owners in any material respect, and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

Section 10.3. Procedure for Amendment with Written Consent of Owners.

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

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

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of forty-five (45) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such forty-five-day period; provided however that the Trustee during such forty-five day period and any such further period during which any such action or proceeding may be pending shall be entitled, in its sole discretion, to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient and the Trustee shall have no liability with respect to any action taken or any instance of inaction except as a consequence of its own negligence or willful misconduct.

Section 10.4. Effect of Supplemental Indenture.

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

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 10.6. Amendatory Endorsement of Bonds.

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

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 above, with the written consent of the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 below.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond 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 and immunities under this Indenture or otherwise.

No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (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, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI DEFAULT AND REMEDIES

Section 11.1. Events of Default.

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

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Major Improvement Area Assessments including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; and
- (iv) Default in the performance or observance of any other covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any one or more of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues and Pledged Funds. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of a Quarter in Interest of the Bonds have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for sixty (60) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the

powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

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

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

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

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

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

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee, if previously directed in writing by Owners of a Quarter in Interest of the Bonds, shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on the Bonds.

Section 11.6. Evidence of Ownership of Bonds.

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

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

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

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the 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 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

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

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City shall be promptly delivered to the Trustee and cancelled. Such Bonds will not be deemed Outstanding for any purpose, including without limitation, the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

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

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of a Quarter in Interest of the Bonds 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 Owners, 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, (iii) that the Trustee may still require satisfactory indemnity prior to taking such action, and (iv) 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 Owners not parties to such 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, 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 are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

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

(c) 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 Major Improvement Area Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, statements for 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.

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of records and accounts (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 during the Trustee's regular business hours and each Owner or their representatives duly authorized in writing providing reasonable notice to the Trustee.

Section 12.3. 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.

Section 12.4. No Israel Boycott.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture with the City is a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, as amended, 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 Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 12.5. No Terrorist Organization.

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, as amended, 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 to solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or 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 and exists to make a profit.

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 Funds, 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 Additional Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate.

(b) Other than Refunding Bonds issued to refund all or a portion of the Series 2021 MIA Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow 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 Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) Future PID Bonds Test - Future Improvement Area Bonds. Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developer for funding the Actual Costs of (i) the internal Authorized Improvements within a Future Improvement Area and/or (ii) Major Improvements not previously financed by the Series 2021 MIA Bonds that are allocable to a given Future Improvement Area. The Developer may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 15 in each of the years in which they are scheduled to mature, and the applicable requirements in the Indenture are met:

(i) The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions, and conditions applicable to the City contained in any indenture of trust authorizing the issuance of PID Bonds for the District;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Financing Agreement, the Development Agreement, an acquisition and reimbursement agreement applicable to such Future Improvement Area or any continuing disclosure agreement entered into by Landowner and/or Developer relating to the PID Bonds, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City Council elects to proceed with the issuance of the Future Improvement Area Bonds regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Developer or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Developer or such owner prior to the delinquency date thereof;

(iv) The Trustee and the City shall receive a certificate from the Developer certifying that the Authorized Improvements to be funded with the proceeds of the Future Improvement Area Bonds to be issued are at least fifty (50%) completed;

(v) The Trustee and the City shall receive a certificate from the Developer certifying that at least fifty (50%) of the assessed parcels in the Future Improvement Area,

for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;

(vi) With respect to Future Improvement Area Bonds to be issued for Future Improvement Areas developed after Improvement Area #1 and Improvement Area #2, the Trustee and the City shall receive a certificate from the Developer certifying that a certificate of occupancy for completed homes has been issued for at least fifty percent (50%) of the lots or residential units, as applicable, in the preceding neighborhood improvement area; and

(vii) The Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued, based on an Independent Appraisal, shall not be less than 3.0:1.

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 dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

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

Section 14.1. Trust Irrevocable.

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

Section 14.2. Satisfaction of Indenture.

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

entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each Rating Agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in this Section is no longer Outstanding hereunder and is no longer secured by or entitled to the benefits of this Indenture, (B) such defeasance is in accordance with the terms hereof and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV
MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

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

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

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

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

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

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

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

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

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

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

If to the City:

City of Manor, Texas
105 E. Eggleston Street
P.O. Box 387
Manor, Texas 78653
Attn: City Manager

Fax No.: 512.272.8792
Email: tbolt@cityofmanor.org

With copy to:

The Knight Law Firm, LLP
Attn: Veronica Rivera, City Attorney
223 West Anderson Lane, Suite A-105
Austin, Texas 78752
Fax No.: 512.922.3004
Email: vrivera@cityattorneytexas.com

If to the Trustee
or the Paying Agent/Registrar:

UMB Bank, N.A.
Attn: Jose A. Gaytan, Jr.
6034 West Courtyard Drive, Suite 370
Austin, Texas 78730
Fax No.: 512.582.5855
Email: jose.gaytan@umb.com

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

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

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(d) 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.

Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Counterparts.

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

[remainder of page left blank intentionally]

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

CITY OF MANOR, TEXAS

By: _____
Mayor

Attest:

City Secretary

[CITY SEAL]

UMB BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2021 MIA Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2021 MIA BOND.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	_____	_____

The City of Manor, 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 Series 2021 MIA 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 15 and September 15 of each year, commencing [] 15, 202_ , until maturity or prior redemption.

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

The principal of this Series 2021 MIA Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Series 2021 MIA Bond at the corporate trust office in Austin, Texas (the “*Designated Payment/Transfer Office*”), of UMB Bank, N.A., as trustee and paying agent/registrars (the “*Trustee*”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Series 2021 MIA 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 Series 2021 MIA Bond, the registered owner shall be the Person in whose name this Series 2021 MIA Bond is registered at the close of business on the “*Record Date*,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for 30 days or more 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 (the “*Special Payment Date*,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA 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 “*Series 2021 MIA Bonds*”), dated May 1, 2021 and issued in the aggregate principal amount of \$[] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of May 1, 2021 (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 Series 2021 MIA Bonds, the Trustee, and the City, and the terms upon which the Series 2021 MIA Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Series 2021 MIA Bond hereby consents. All Series 2021 MIA Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Series 2021 MIA Bonds are being issued for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying

a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds.

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

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Series 2021 MIA 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 Series 2021 MIA Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in Authorized Denominations.

The Series 2021 MIA Bonds are subject to mandatory sinking fund redemption prior to their respective Stated Maturities and will be redeemed by the City in part at a price equal to 100% of the principal amount thereof, or portions thereof, to be redeemed plus accrued 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 Sinking Fund Installment amounts as set forth in the following schedule:

Term Series 2021 MIA Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_*	_____

* Stated Maturity

Term Series 2021 MIA Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__	_____

* Stated Maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by Section 4.2 of the Indenture, the Trustee shall select for redemption by lot, or in any manner as Trustee shall deem fair, a principal amount of Series 2021 MIA Bonds of such maturity equal to the Sinking Fund Installments of such Series 2021 MIA Bonds to be redeemed, shall call such Series 2021 MIA 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 Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2021 MIA Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 MIA Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The Sinking Fund Installments of Series 2021 MIA Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 MIA Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, of the Indenture, and not previously credited to a mandatory sinking fund redemption, as follows:

- (i) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond in the inverse order of mandatory sinking fund redemption dates.

The City reserves the right and option to redeem the Series 2021 MIA Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at 100% of the principal amount of such Series 2021 MIA Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

Series 2021 MIA Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to at 100% of the principal amount of such Series 2021 MIA Bonds called for redemption, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

If less than all of the Series 2021 MIA Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4 of the Indenture, the Series 2021 MIA Bonds or portion of a Series 2021 MIA Bond of any one maturity to be redeemed shall be selected in the following manner:

(a) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 MIA Bonds and a portion of all Outstanding Series 2021 MIA Bonds shall be redeemed in the principal amount allocated to such Series 2021 MIA Bond (the “10% or Greater Manner”); and

(b) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the Outstanding Series 2021 MIA Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

A portion of an Outstanding Series 2021 MIA Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 MIA Bond of a maturity is selected for redemption pursuant to the Indenture, the Trustee shall select the Outstanding Series 2021 MIA Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Bond as though it were a single Series 2021 MIA Bond for purposes of selection

for redemption. No redemption shall result in a Series 2021 MIA Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Series 2021 MIA Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

Upon surrender of any Series 2021 MIA Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 MIA Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 MIA Bond representing the unredeemed balance of such Series 2021 MIA Bond shall be issued to the Owner thereof, such exchange being without charge. If any Series 2021 MIA Bonds are to be redeemed and such redemption results in the unredeemed portion of a single Series 2021 MIA Bond in an amount less than the Authorized Denomination, a Series 2021 MIA Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

The Trustee shall give notice of any redemption of the Series 2021 MIA Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 MIA 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 Series 2021 MIA Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Series 2021 MIA Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Series 2021 MIA Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 MIA 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 Series 2021 MIA Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA Bond.

As provided in the Indenture, this Series 2021 MIA Bond is transferable upon surrender of this Series 2021 MIA 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 Series 2021 MIA Bond. Upon satisfaction of such requirements, one or more new fully registered Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Series 2021 MIA 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 Series 2021 MIA Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Series 2021 MIA 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 OF MANOR, TEXAS, TRAVIS COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA Bond to be executed under the official seal of the City.

Mayor, City of Manor, Texas

City Secretary, City of Manor, 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 § REGISTER NO. _____
§
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Series 2021 MIA Bond, and that this Series 2021 MIA 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 Series 2021 MIA Bonds of the series of Series 2021 MIA Bonds referred to in the within mentioned Indenture.

UMB Bank, N.A.,
Austin, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Series 2021 MIA Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2021 MIA Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Series 2021 MIA Bond in every particular and must be guaranteed in a manner acceptable to the Trustee

Authorized Signatory

(e) The Initial Series 2021 MIA Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2021 MIA Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Series 2021 MIA Bond, the words "on the Maturity Date as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

Year Principal Amount Interest Rate"

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Series 2021 MIA Bond shall be numbered T-1.

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

Manor Heights Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN
APRIL 21, 2021



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INTRODUCTION

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

On November 7, 2018, the City passed and approved Resolution No. 2018-10 authorizing the creation of the District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act. On October 7, 2020, the City authorized additional land to be included within the District pursuant to Resolution No. 2020-11. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 602.9 acres located within the City, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the District based on the special benefits conferred on the District by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay its share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (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 0.50% additional interest charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

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

“Annual Collection Costs” mean the actual or budgeted 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 Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

“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.

“Appraisal District” means Travis Central Appraisal District.

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

“Assessment” means an assessment levied against a Parcel within the District and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, more specifically described in **Section V**.

“Assessment Roll” means one or more assessment rolls for the Assessed Property within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein, and in the PID Act, including any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act as described in **Section III** and **Exhibit C** and depicted on **Exhibit O**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, capitalized interest, 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 PID Bonds.

“City” means the City of Manor, Texas.

“City Council” means the governing body of the City.

“County” means Travis County, Texas.

“Delinquent Collection Costs” mean, 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 Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including costs and expenses to foreclose liens.

“Developer” means Forestar (USA) Real Estate Group Inc., and any successor and assigns.

“District” means the Manor Heights Public Improvement District containing approximately 602.9 acres located within the City and shown on **Exhibit B-1** and more specifically described in **Exhibit A-1**.

“District Formation Expenses” means the costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

“Improvement Area #1” means approximately 127.37 acres located within the District, as shown on **Exhibit B-2** and more specifically described in **Exhibit A-2**.

“Improvement Area #1-2 Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)”, that are secured by Improvement Area #1 Assessments and Improvement Area #2 Assessments.

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

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

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

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

“Improvement Area #1 Improvements” mean those Authorized Improvements that only benefit Improvement Area #1, more specifically described in **Section III.B**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #1 Initial Parcel” means all of the area within Improvement Area #1, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-2** and shown on the map on **Exhibit B-2**, consisting of approximately 127.37 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #1, the Improvement Area #1 Annual Installment will be allocated to each property ID within the Improvement Area #1 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #1 Projects” mean Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #2” means approximately 91.81 acres located within the District, as shown on **Exhibit B-3** and more specifically described in **Exhibit A-3**.

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

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means an Assessment levied against Improvement Area #2 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 Assessed Property and included in this Service and Assessment Plan as **Exhibit H**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and

in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #2 Improvements” mean those Authorized Improvements that only benefit Improvement Area #2, and more specifically described in **Section III.C**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #2 Initial Parcel” means all of the area within Improvement Area #2, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-3** and shown on the map on **Exhibit B-3**, consisting of approximately 91.81 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #2, the Improvement Area #2 Annual Installment will be allocated to each property ID within the Improvement Area #2 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #2 Projects” mean Improvement Area #2 Improvements and Improvement Area #2’s allocable share of the Major Improvements.

“Indenture” means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and a Trustee setting forth terms and conditions related to PID Bonds.

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multi-family, single-family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as determined by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a Lot within Improvement Area #1 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 2” means a Lot within Improvement Area #2 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 3” means a Lot within Improvement Area #2 designated as a 55’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Major Improvement Area” means approximately 383.102 acres located within the District, as shown on **Exhibit B-4** and more specifically described in **Exhibit A-4**.

“Major Improvement Area Annual Installment” means the annual installment payment of the Major Improvement Area Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property and included in this Service and Assessment Plan as **Exhibit J**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Major Improvement Area Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).”

“Major Improvement Area Initial Parcel” means all of the area within Major Improvement Area, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-4** and shown on the map on **Exhibit B-4**, consisting of approximately 383.102 acres. Until a plat has been recorded on a property ID within Major Improvement Area, the Major Improvement Area Annual Installment will be allocated to each property ID within the Major Improvement Area Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Major Improvement Area Projects” mean Major Improvement Area’s allocable share of the Major Improvements and District Formation and Bond Issuance Costs.

“Major Improvements” mean the improvements and associated soft costs that benefit the entire District, and are more specifically described in **Section III.A**.

“Maximum Assessment” means, for each Lot within Improvement Area #1 and Improvement Area #2, the amount shown for each Lot Type on **Exhibit M**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefited Property at the time the Assessments (1) are levied or (2) are reallocated pursuant to a subdivision of a Parcel that receives no benefit.

“Owner” means either Forestar (USA) Real Estate Group Inc., RHOF, LLC or Continental Homes of Texas, L.P. and any successor and assigns.

“Parcel(s)” means a property within the District, identified by either a tax map identification number assigned by the Travis 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 official public records of the County, or by any other means determined by the City.

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“PID Bonds” mean bonds issued by the City to finance the Actual Costs of the Authorized Improvements including the Improvement Area #1-2 Bonds and the Major Improvement Area Bonds.

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

“Prepayment Costs” mean interest and Annual Collection Costs incurred up to the date of Prepayment.

“Property ID” mean a unique number assigned to each Parcel by the Appraisal District.

“Service and Assessment Plan” means this Service and Assessment Plan as amended, modified and updated from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Trustee” means a trustee (or successor trustee) under the applicable Indenture.

SECTION II: THE DISTRICT

The District includes approximately 602.9 contiguous acres located within the corporate limits of the City, as more particularly described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**. Development of the District is anticipated to include approximately 1,250 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

Improvement Area #1 includes approximately 127.37 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-2** and depicted on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to include approximately 264 single-family units.

Improvement Area #2 includes approximately 91.81 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-3** and depicted on **Exhibit B-3**. Development of Improvement Area #1 is anticipated to include approximately 251 single-family units.

The Major Improvement Area includes approximately 383.102 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-4** and depicted on **Exhibit B-4**. Development of the Major Improvement Area is anticipated to include approximately 735 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Owner and their engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and District Formation and Bond Issuance Costs are Authorized Improvements and confer a special benefit on the Assessed Property. The budget for the Authorized Improvements is shown on **Exhibit C**, and a map depicting the Authorized Improvements is shown on **Exhibit O**.

A. Major Improvements

- *Wastewater Treatment Plant Phase 1*

Improvements designed and constructed in accordance with 30 TAC Chapter 217 Rules with a nominal treatment capacity of 200,000 gallons per day.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways part of the MAD4 collector roads. All related earthwork, excavation, erosion control, demolition and paving are included.

- *Kimbrow ROW Acquisition*

Improvements including easements needed for relocating the existing Manville water line conflicting with Old Kimbro Road widening.

- *Soft Costs*

Estimated to be 15% of above-described hard costs, inclusive of a 4% construction management fee.

B. Improvement Area #1 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #1.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

- *Trails*

Improvements include approximately 5' wide crushed granite trails along the proposed public parkland to be dedicated to the City.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #1 Improvements including permits, fees and fiscals.

C. Improvement Area #2 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #2.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #2.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #2.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #2.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #2 Improvements including permits, fees and fiscals.

D. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required to fund a reserve under an applicable Indenture.

- *Capitalized Interest*

Equals the amount of capitalized interest available for payment of interest on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds and includes a fee for underwriter's counsel.

- *Cost of Issuance*

Costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

E. District Formation Expenses

Costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan must be reviewed and updated, at least annually, and approved by the City Council. **Exhibit D** summarizes the Service Plan for the District.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements and pay the District Formation and Bond Issuance Costs. The sources and uses of funds shown on **Exhibit E** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance reasonable classifications and formulas for the apportionment of the cost between the municipality or the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements shall be allocated as follows:

- Major Improvements shall be allocated between the Major Improvement Area, Improvement Area #1, and Improvement Area #2 pro rata based on estimated buildout value, as shown on **Exhibit Q**.
- The Improvement Area #1 Improvements are allocated entirely to the Improvement Area #1 Initial Parcel.
- The Improvement Area #2 Improvements are allocated entirely to the Improvement Area #2 Initial Parcel.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Initial Parcel as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

Improvement Area #2 Assessments will be levied on the Improvement Area #2 Initial Parcel as shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit H**. The

projected Improvement Area #2 Annual Installments are shown on **Exhibit I**, subject to revisions made during any Annual Service Plan Update.

Major Improvement Area Assessments will be levied on the Major Improvement Area Initial Parcel as shown on the Major Improvement Area Assessment Roll, attached hereto as **Exhibit J**. The projected Major Improvement Area Annual Installments are shown on **Exhibit K**, subject to revisions made during any Annual Service Plan Update.

Upon subdivisions of the Improvement Area #1 Initial Parcel or the Improvement Area #2 Initial Parcel by final plat, the Maximum Assessment for each Lot Type is shown on **Exhibit M**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- *Improvement Area #1*
 1. The costs of Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal \$8,625,681, as shown on **Exhibit C**; and
 2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs; and
 3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Initial Parcel for Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$3,070,446, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
 4. The special benefit (\geq \$8,625,681) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #1 Assessments (\$3,070,446) levied on the Improvement Area #1 Initial Parcel; and
 5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Owner owned 100% of the Improvement Area #1 Assessed Property. The Owner acknowledged that Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for Improvement Area #1

Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Initial Parcel.

▪ *Improvement Area #2*

1. The costs of Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal \$10,446,878, as shown on **Exhibit C**; and
2. The Improvement Area #2 Assessed Property receives special benefit from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Improvement Area #2 Assessed Property will be allocated 100% of the Improvement Area #2 Assessments levied on the Improvement Area #2 Initial Parcel for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$2,934,554, as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit H**; and
4. The special benefit (\geq \$10,446,878) received by the Improvement Area #2 Assessed Property from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #2 Assessments (\$2,934,554) levied on the Improvement Area #2 Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #2 Assessments, the Owner owned 100% of the Improvement Area #2 Assessed Property. The Owner acknowledged that Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #2 Assessments on the Improvement Area #2 Initial Parcel.

- *Major Improvement Area*

1. The costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs equal \$8,310,589, as shown on **Exhibit C**; and
2. The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Major Improvement Area Assessed Property will be allocated 100% of the Major Improvement Area Assessments levied on the Major Improvement Area Initial Parcel for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs, which equal \$7,090,000, as shown on the Major Improvement Area Assessment Roll attached hereto as **Exhibit J**; and
4. The special benefit (\geq \$8,310,589) received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Major Improvement Area Assessments (\$7,090,000) levied on the Major Improvement Area Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Major Improvement Area Assessments, the Owner owned 100% of the Major Improvement Area Assessed Property. The Owner acknowledged that the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs confers a special benefit on the Major Improvement Area Assessed Property and consented to the imposition of the Major Improvement Area Assessments to pay for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Major Improvement Area Assessments on the Major Improvement Area Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments levied on the Assessed Property to pay the PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

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

2. *Upon Subdivision by a Recorded Subdivision Plat*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat and a Property ID has been assigned by the Appraisal District, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the estimated average buildout value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

B. True-Up of Assessments if Maximum Assessment Exceeded

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat

without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Assessments.

C. Mandatory Prepayment of Assessments

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

D. Reduction of Assessments

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Termination," a form of which is attached hereto as **Exhibit P**.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made.

F. Prepayment as a Result of Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the **“Remaining Property”**), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the assessment on the Remainder Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall

be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding PID Bonds.

G. Payment of Assessment in Annual Installments

Exhibit G shows the projected Improvement Area #1 Annual Installments. **Exhibit I** shows the projected Improvement Area #2 Annual Installments. **Exhibit K** shows the projected Major Improvement Area Annual Installments. **Exhibit L-1** shows the projected Annual Installments for Lot Type 1. **Exhibit L-2** shows the projected Annual Installments for Lot Type 2. **Exhibit L-3** shows the projected Annual Installments for Lot Type 3.

Assessments that are not paid in full shall be due and payable in Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update. Until a plat has been recorded on a Parcel and a Property ID has been assigned by the Appraisal District within Improvement Area #1, Improvement Area #2, or the Major Improvement Area, the Annual Installment will be allocated to each Property ID within the Improvement Area #1 Initial Parcel, Improvement Area #2 Initial Parcel and Major Improvement Area Initial Parcel, respectively, based on the Travis Central Appraisal District acreage for billing purposes only.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be collected in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties,

procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the non-delinquent Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act and the applicable Indenture. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments shall be due when billed and shall be delinquent if not paid prior to February 1, 2022.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within the Improvement Area #1 Assessed Property as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit H**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel within the Improvement Area #2 Assessed Property as part of each Annual Service Plan Update.

The Major Improvement Area Assessment Roll is attached as **Exhibit J**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Major Improvement Area Assessment Roll and Major Improvement Area Annual Installments for each Parcel within the Major Improvement Area Assessed Property as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a City Council meeting, and within 30 days after closing such meeting, the City Council shall make a final determination as to whether or not an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable ordinance authorizing the PID Bonds, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided at a meeting of the City Council during which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

LIST OF EXHIBITS

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit A-3	Improvement Area #2 Legal Description
Exhibit A-4	Major Improvement Area Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit B-3	Improvement Area #2 Boundary Map
Exhibit B-4	Major Improvement Area Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G	Improvement Area #1 Annual Installments
Exhibit H	Improvement Area #2 Assessment Roll
Exhibit I	Improvement Area #2 Annual Installments
Exhibit J	Major Improvement Area Assessment Roll
Exhibit K	Major Improvement Area Annual Installments
Exhibit L-1	Lot Type 1 Annual Installments
Exhibit L-2	Lot Type 2 Annual Installments
Exhibit L-3	Lot Type 3 Annual Installments
Exhibit M	Maximum Assessment Per Lot Type
Exhibit N	Lot Type Classification Map
Exhibit O	Map of Authorized Improvements
Exhibit P	Notice of PID Assessment Termination
Exhibit Q	Estimated Buildout Value for Major Improvement Area, Improvement Area #1, and Improvement Area #2
Exhibit R	Improvement Area #1-2 Bond Debt Service Schedule
Exhibit S	Major Improvement Area Bond Debt Service Schedule

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

Exhibit A The Property

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

**A METES AND BOUNDS
DESCRIPTION OF A
3.700 ACRE RIGHT-OF-WAY OF LAND**

BEING a 3.700 acre (161,158 square feet) tract of land situated in the A.C. Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas; and being a portion of Old Kimbro Road (80 feet wide); and being more particularly described as follows:

COMMENCING, at a 1/2-inch iron rod with a plastic cap stamped "KHA" found on the southerly right-of-way line of said Old Kimbro Road marking the northwest corner of a called 51.533 acre tract of land described in instrument to Chau Dinh and Kim Pham recorded in Document No. 2014139510 of the Official Public Records of Travis County, same being the northeast corner of a called 90.0886 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017194263 of the Official Public Records of Travis County;

THENCE, North 85°48'57" West, 846.55 feet, along the southerly right-of-way line of Old Kimbro Road and the north line of said 90.0886 acre tract to the **POINT OF BEGINNING** of the herein described tract;

THENCE, continuing along the southerly right-of-way of said Old Kimbro Road and along the north line of said 90.0886 acre tract the following two (2) courses and distances:

1. North 85°48'57" West, 1629.02 feet to an iron rod with plastic cap stamped "KHA" found for a point of curvature;
2. in a southwesterly direction, along a tangent curve to the left, a central angle of 43°49'58", a radius of 533.10 feet, a chord bearing and distance of South 72°20'04" West, 397.96 feet, and a total arc length of 407.84 feet to a point for corner;

THENCE, departing the north line of said 90.0886 acre tract and crossing said Old Kimbro Road the following two (2) courses and distances:

1. North 40°17'42" West, 46.07 feet to a point for corner;
2. North 61°40'04" West, 35.46 feet to a 5/8-iron rod found on the northerly right-of-way line of said Old Kimbro Road marking the southwest corner of a called 157.9603 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017180865 of the Official Public Records of Travis County;

THENCE, along the northerly right-of-way line of said Old Kimbro Road and along the south line of said 157.9603 acre tract the following three (3) courses and distances:

1. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 36°32'19", a radius of 613.14 feet, a chord bearing and distance of North 68°23'46" East, 384.42 feet, and a total arc length of 391.01 feet to a 1/2-iron rod found for a point for corner;
2. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 7°10'29", a radius of 1407.07 feet, a chord bearing and distance of South 89°23'14" East, 176.08 feet, and a total arc length of 176.20 feet to a concrete monument found for a point of tangency;
3. South 85°54'35" East, 1541.16 feet to a point for corner;

THENCE, South 4°11'03" West, 80.00 feet departing the south line of said 157.9603 acre tract and crossing said Old Kimbro Road to the **POINT OF BEGINNING**, and containing 3.700 acres of right-of-way in Travis County, Texas. The basis of bearing for this description is the Texas State Plane Coordinate System Grid, Central Zone (FIPS 4203) (NAD'83). All distances are on the surface and shown in U.S. Survey Feet. To convert grid distances to grid, apply the combined SURFACE to GRID scale factor of 0.99992097045. This document was prepared in the office of Kimley-Horn and Associates, Inc. in San Antonio, Texas.

ABEL P. STENDAHL
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 6754
601 NW LOOP 410, SUITE 350
SAN ANTONIO, TEXAS 78216
PH. 210-541-9166
abel.stendahl@kimley-horn.com



**EXHIBIT OF A 3.700 ACRE
RIGHT-OF-WAY
TO BE RELEASED**

A.A. CALDWELL SURVEY NO.52,
ABSTRACT NO. 154
TRAVIS COUNTY, TEXAS

Kimley»Horn

601 NW Loop 410, Suite 350 San Antonio, Texas 78216 FIRM # 10193973 Tel. No. (210) 541-9166 www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	DJG	APS	9/3/2020	069255703	1 OF 2

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EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

Being 127.37 acres of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, and being all of that 110.524 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, described in the Manor Heights South Phase 1 Section 1 Final Plat, recorded in Document No. 202100001 Official Public Records of Travis County, and being a portion of that certain 267.942 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas, conveyed to Forestar (USA) Real Estate Group Inc., as described in Document No. 2019171724, corrected in Document No. 2019176020, Official Public Records of Travis County, Texas.

EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

Being 91.81 acres of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, and being portion of that certain tract or parcel of land containing 90.089 acres located in the A.C. Caldwell Survey No.52 , Abstract No. 154, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County, and being a portion of that certain 157.9603 acre tract of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County , and a portion of that certain tract or parcel of land containing 3.7 acres situated in the A.C. Caldwell Survey No.52, Abstract 154, City of Manor, Travis County, Texas Conveyed to Forestar (USA) Real Estate Group Inc., as described in document 2021052193, official public records of Travis County, Texas.

EXHIBIT A-4 – MAJOR IMPROVEMENT AREA LEGAL DESCRIPTION

383.102 Acres Being Portions of a called 267.972 acre Tract of land Recorded in document No.2016214460, Official Public Records of Travis County, 157.9603 Acre Tract Recorded in document No.201718086, Official Public Records of Travis County, A called 90.0886 Acre Tract Recorded in Documents No.2017194263, Official Public Records of Travis County, and a portion of Old Kimbro Road A.C. Caldwell Survey No. 52, Abstract No 154 City of Manor, Travis County, Texas

EXHIBIT B-1 – DISTRICT BOUNDARY MAP

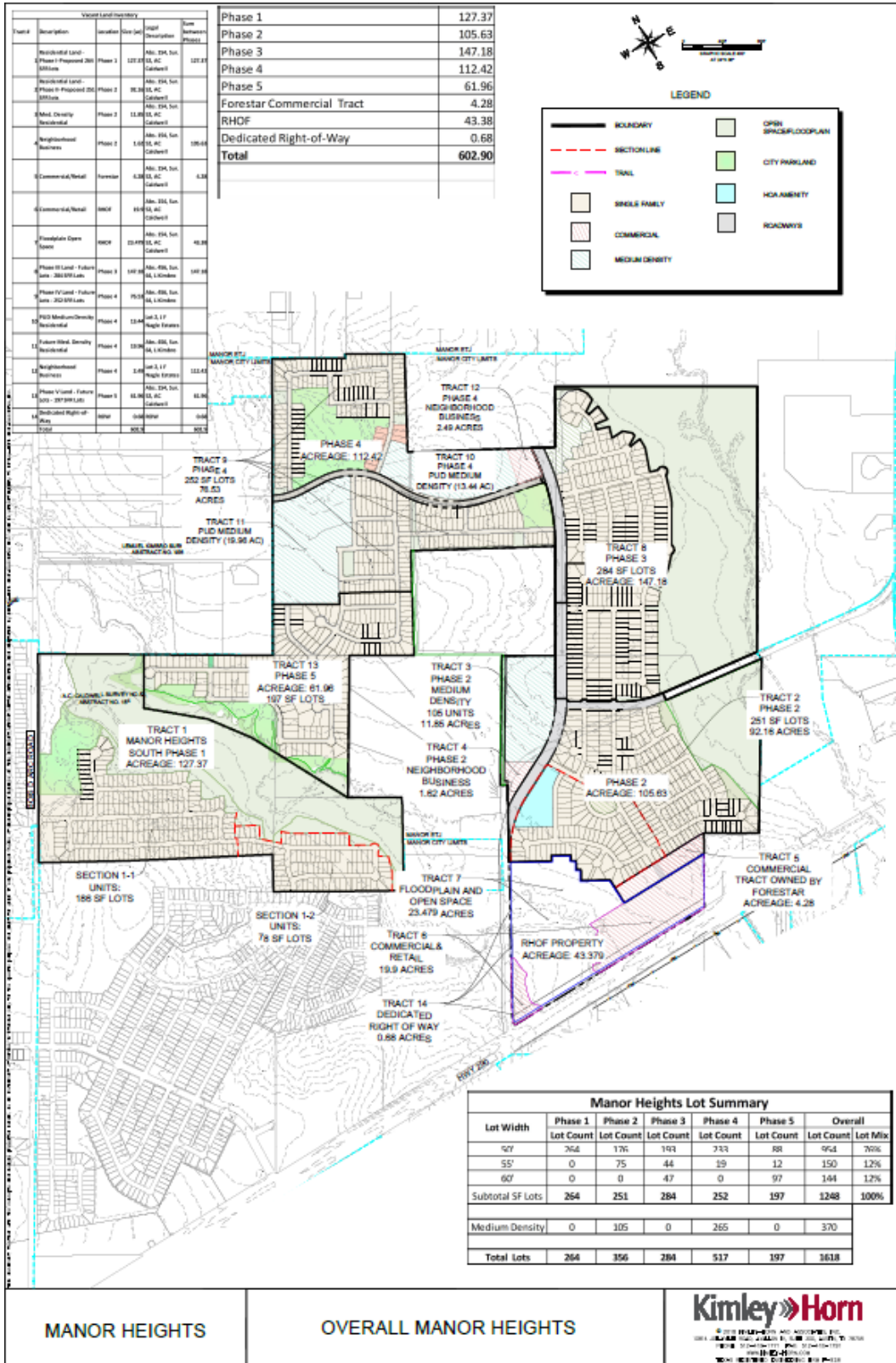
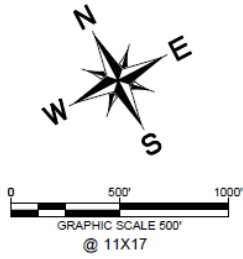


EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP

LEGEND



	BOUNDARY
	IA #1
	TAX PARCEL BOUNDARY

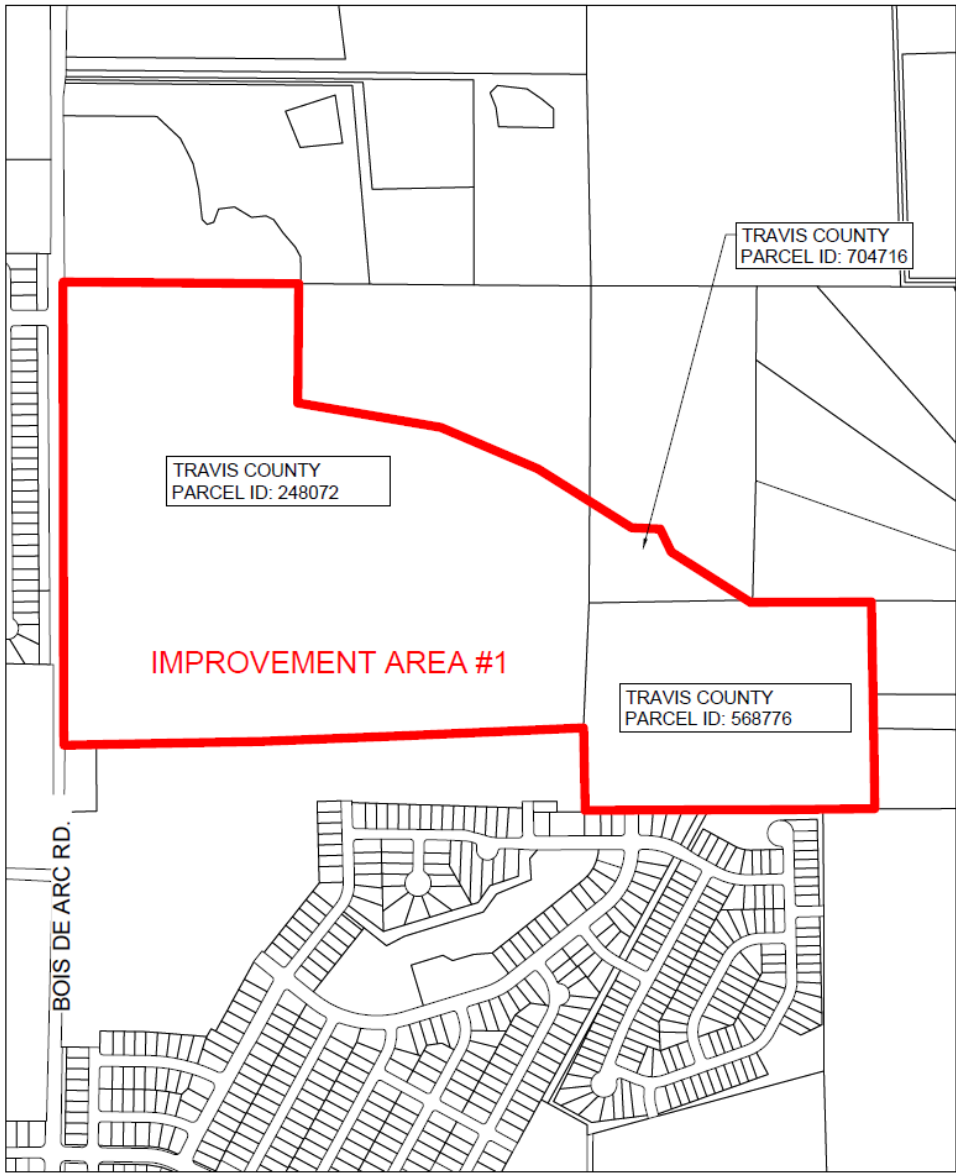


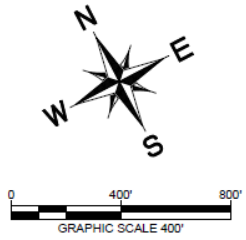
EXHIBIT F - IMPROVEMENT AREA #1




MANOR, TEXAS
FEBRUARY 2021



EXHIBIT B-3 – IMPROVEMENT AREA #2 BOUNDARY MAP

LEGEND



	BOUNDARY
	IA #2
	TAX PARCEL BOUNDARY

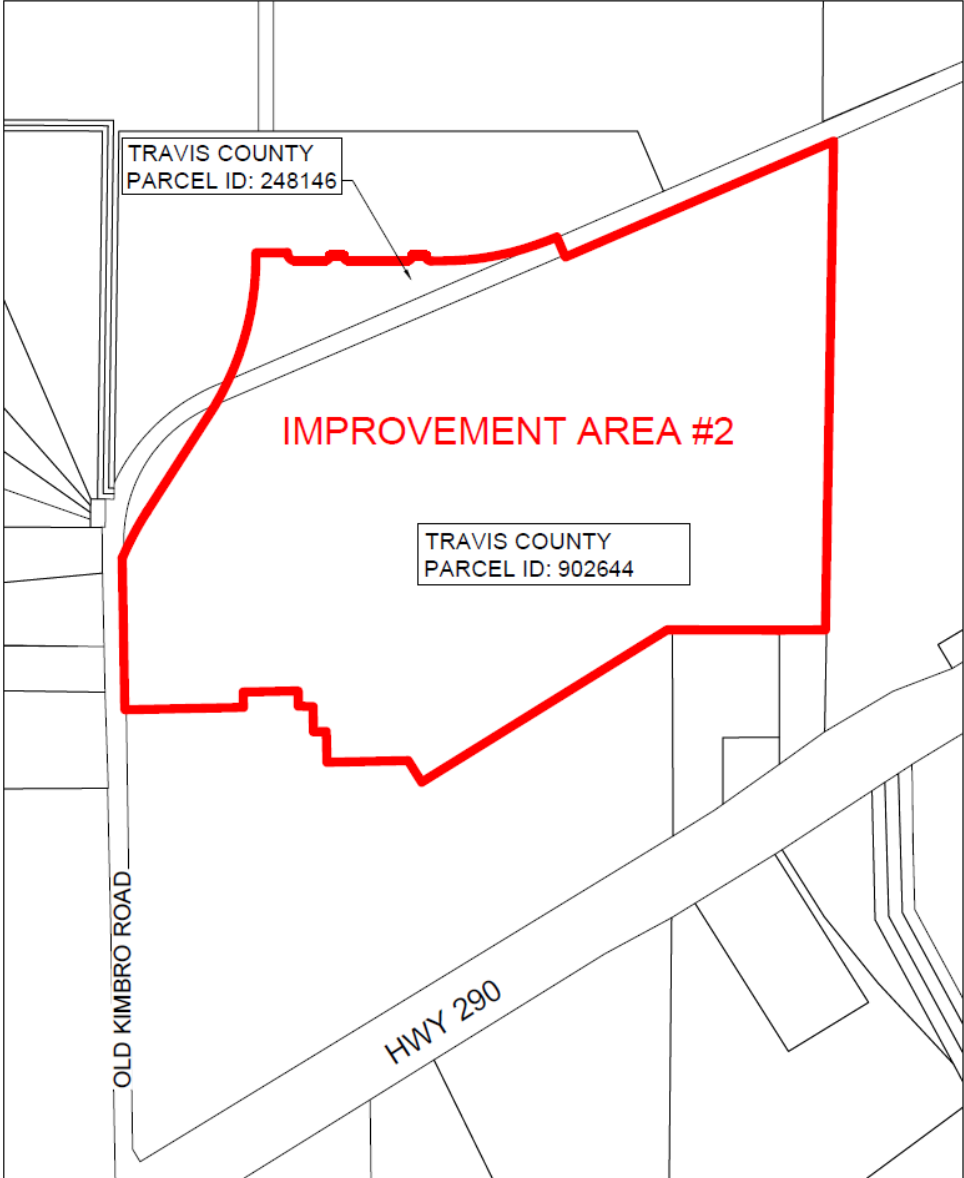
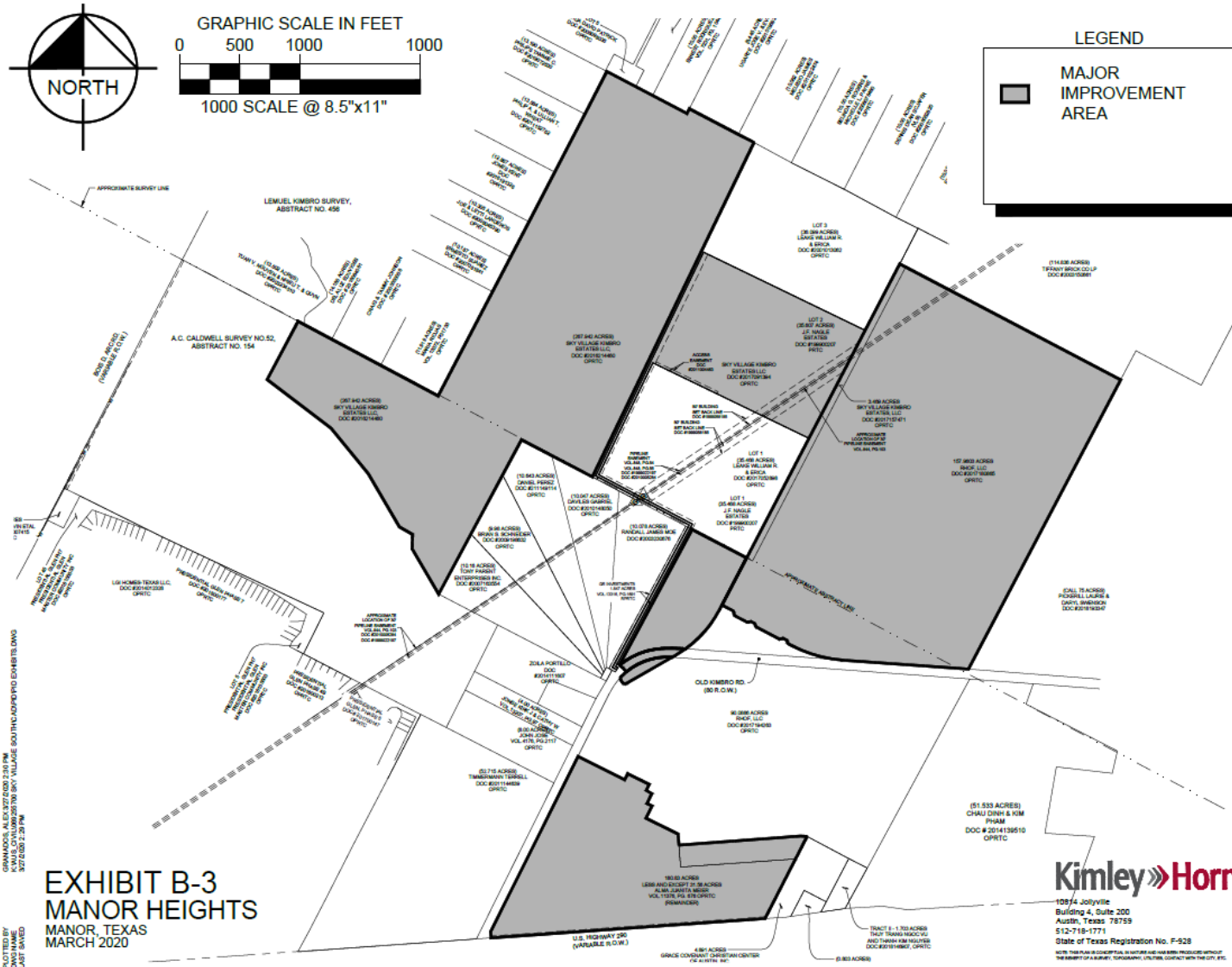


EXHIBIT H - IMPROVEMENT AREA #2

MANOR, TEXAS
FEBRUARY 2021



EXHIBIT B-4 – MAJOR IMPROVEMENT AREA BOUNDARY MAP



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EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs	Improvement Area #1 [a]	Improvement Area #2 [a]	Major Improvement Area [b]
<i>Major Improvements</i>				
Wastewater Treatment Plant Phase 1	\$ 5,119,898	\$ 799,087	\$ 763,720	\$ 3,557,091
Roadway	3,115,626	486,270	464,749	2,164,607
Kimbro ROW Acquisition	47,348	7,390	7,063	32,895
Soft Costs [c]	1,242,431	193,912	185,330	863,189
	\$ 9,525,302	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
<i>Improvement Area #1 Improvements</i>				
Water	\$ 877,624	\$ 877,624	\$ -	\$ -
Wastewater	761,450	761,450	-	-
Drainage	1,147,364	1,147,364	-	-
Roadway	3,462,805	3,462,805	-	-
Trails	59,850	59,850	-	-
Soft Costs	163,600	163,600	-	-
	\$ 6,472,693	\$ 6,472,693	\$ -	\$ -
<i>Improvement Area #2 Improvements</i>				
Water	\$ 895,023	\$ -	\$ 895,023	\$ -
Wastewater	1,119,316.00	-	1,119,316	-
Drainage	1,164,737.00	-	1,164,737	-
Roadway	4,889,701.55	-	4,889,702	-
Trails	-	-	-	-
Soft Costs	320,400.00	-	320,400	-
	\$ 8,389,178	\$ -	\$ 8,389,178	\$ -
<i>Bond Issuance Costs and District Formation Expenses</i>				
Debt Service Reserve Fund [d]	\$ 882,950	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest [d]	874,475	179,621	171,671	523,183
Underwriter Discount [d]	392,850	92,113	88,037	212,700
Cost of Issuance [d]	785,700	184,227	176,073	425,400
First Year Annual Collection Costs [d]	60,000	15,339	14,661	30,000
	\$ 2,995,975	\$ 666,329	\$ 636,838	\$ 1,692,808
Total	\$ 27,383,147	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

Notes:

[a] Costs were determined by construction contracts provided by Kimley-Horn and Associates dated 1/8/2021.

[b] Costs were determined by Excel Construction Services bid for Wastewater Treatment Plant Phase 1 Improvements dated 11/9/2020 and construction contract provided by Kimley-Horn and Associates dated 1/8/2021 for Roadways Improvements.

[c] Soft costs estimated at 15% of hard costs, inclusive of a 4% construction management fee.

[d] Costs associated with the issuance of Improvement Area #1 bonds were allocated between Improvement Area # 1 and Improvement Area #2 on a pro rata basis based on the amount of Assessments levied.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 53,688	\$ 56,245	\$ 58,801
Interest		41,451	138,170	138,170	135,754	133,223
Capitalized Interest		(41,451)	(138,170)	-	-	-
	(1)	\$ -	\$ -	\$ 191,858	\$ 191,999	\$ 192,024
Annual Collection Costs	(2)	\$ -	\$ 15,646	\$ 15,959	\$ 16,278	\$ 16,604
Additional Interest Reserve	(3)	\$ -	\$ 15,352	\$ 15,352	\$ 15,084	\$ 14,803
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 30,998	\$ 223,170	\$ 223,361	\$ 223,431

Improvement Area #2						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 51,312	\$ 53,755	\$ 56,199
Interest		39,616	132,055	132,055	129,746	127,327
Capitalized Interest		(39,616)	(132,055)	-	-	-
	(1)	\$ -	\$ -	\$ 183,367	\$ 183,501	\$ 183,526
Annual Collection Costs	(2)	\$ -	\$ 14,954	\$ 15,253	\$ 15,558	\$ 15,869
Additional Interest Reserve	(3)	\$ -	\$ 14,673	\$ 14,673	\$ 14,416	\$ 14,147
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 29,627	\$ 213,292	\$ 213,475	\$ 213,542

Major Improvement Area						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 105,000	\$ 110,000	\$ 115,000
Interest		133,233	389,950	389,950	384,175	378,125
Capitalized Interest		(133,233)	(389,950)	-	-	-
	(1)	\$ -	\$ -	\$ 494,950	\$ 494,175	\$ 493,125
Annual Collection Costs	(2)	\$ -	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473
Additional Interest Reserve	(3)	\$ -	\$ 35,450	\$ 35,450	\$ 34,925	\$ 34,375
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 66,050	\$ 561,612	\$ 560,936	\$ 559,973

EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Improvement Area #2	Major Improvement Area
Sources of Funds			
Improvement Area #1-2 Bond Par	\$ 3,070,446	\$ 2,934,554	\$ -
Major Improvement Area Bond Par	-	-	7,090,000
Owner Contribution	5,555,234	7,512,324	1,220,589
Total Sources	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589
Uses of Funds			
Major Improvements	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
Improvement Area #1 Improvements	6,472,693	-	-
Improvement Area #2 Improvements	-	8,389,178	-
	<u>\$ 7,959,352</u>	<u>\$ 9,810,039</u>	<u>\$ 6,617,781</u>
<i>Bond Issuance Costs and District Formation Expenses</i>			
Debt Service Reserve Fund	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest	179,621	171,671	523,183
Underwriter Discount	92,113	88,037	212,700
Cost of Issuance	184,227	176,073	425,400
First Year Annual Collection Costs	15,339	14,661	30,000
	<u>\$ 666,329</u>	<u>\$ 636,838</u>	<u>\$ 1,692,808</u>
Total Uses	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 1	Open Space	\$ -	\$ -
	Manor Heights - Phase 1, Section 1	Block A, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 35	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 36	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 37	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 38	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 39	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 40	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 41	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 42	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 43	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 44	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 45	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 46	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 47	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 48	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 49	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 50	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 51	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 52	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 53	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 54	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 55	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 56	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 57	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 58	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 59	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 60	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 61	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 62	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 63	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 64	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 65	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 66	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 67	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 68	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 69	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 70	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 71	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 72	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 73	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 74	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 75	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 76	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 77	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 78	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 79	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 80	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block A, Lot 81	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 82	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 83	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 84	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 85	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 86	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 87	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 88	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 89	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 90	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 91	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 92	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 93	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 94	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 95	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 96	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 97	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 98	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 99	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 100	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block B, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 20	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block B, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 26	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block B, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 1	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 5	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 11	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 17	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block D, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block E, Lot 33	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
Manor Heights - Phase 1, Section 1		Block E, Lot 34	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 1	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 2	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 3	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 4	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 5	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 6	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 7	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 8	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 9	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 10	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 11	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 12	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 13	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 14	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 15	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 16	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 17	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 25	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 26	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 27	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 28	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 29	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 30	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 31	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 32	1	11,630.48	117.42
Total				\$ 3,070,446.48	\$ 30,998.47

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #1 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #1 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 41,451.03	\$ -	\$ -	\$ (41,451.03)	\$ -
2022	-	138,170.09	15,646.24	15,352.23	(138,170.09)	30,998.47
2023	53,688.07	138,170.09	15,959.16	15,352.23	-	223,169.56
2024	56,244.65	135,754.13	16,278.35	15,083.79	-	223,360.92
2025	58,801.22	133,223.12	16,603.91	14,802.57	-	223,430.82
2026	61,357.80	130,577.06	16,935.99	14,508.56	-	223,379.42
2027	63,914.37	127,815.96	17,274.71	14,201.77	-	223,206.82
2028	66,470.95	124,939.82	17,620.21	13,882.20	-	222,913.17
2029	69,027.52	121,948.62	17,972.61	13,549.85	-	222,498.60
2030	71,584.10	118,842.39	18,332.06	13,204.71	-	221,963.25
2031	76,697.25	115,621.10	18,698.70	12,846.79	-	223,863.84
2032	79,253.82	112,169.72	19,072.68	12,463.30	-	222,959.53
2033	81,810.40	108,603.30	19,454.13	12,067.03	-	221,934.86
2034	86,923.55	104,921.83	19,843.21	11,657.98	-	223,346.58
2035	89,480.12	101,010.28	20,240.08	11,223.36	-	221,953.84
2036	94,593.27	96,983.67	20,644.88	10,775.96	-	222,997.78
2037	99,706.42	92,726.97	21,057.78	10,303.00	-	223,794.17
2038	102,263.00	88,240.18	21,478.93	9,804.46	-	221,786.58
2039	107,376.15	83,638.35	21,908.51	9,293.15	-	222,216.16
2040	112,489.30	78,806.42	22,346.68	8,756.27	-	222,398.67
2041	117,602.45	73,744.40	22,793.62	8,193.82	-	222,334.29
2042	122,715.60	68,452.29	23,249.49	7,605.81	-	222,023.19
2043	127,828.75	62,930.09	23,714.48	6,992.23	-	221,465.55
2044	135,498.47	57,177.80	24,188.77	6,353.09	-	223,218.12
2045	140,611.62	51,080.37	24,672.54	5,675.60	-	222,040.13
2046	148,281.35	44,752.84	25,165.99	4,972.54	-	223,172.72
2047	153,394.50	38,080.18	25,669.31	4,231.13	-	221,375.12
2048	161,064.22	31,177.43	26,182.70	3,464.16	-	221,888.51
2049	168,733.94	23,929.54	26,706.35	2,658.84	-	222,028.68
2050	176,403.67	16,336.51	27,240.48	1,815.17	-	221,795.83
2051	186,629.97	8,398.35	27,785.29	933.15	-	223,746.76
Total	\$ 3,070,446.48	\$ 2,669,673.96	\$ 634,737.84	\$ 292,024.77	\$ (179,621.12)	\$ 6,487,261.94

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H – IMPROVEMENT AREA #2 ASSESSMENT ROLL

Parcel ID	Legal Description	Improvement Area #2	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248146	Improvement Area #2 Initial Parcel	\$ 732,948.00	\$ 7,399.66
902644	Improvement Area #2 Initial Parcel	\$ 2,201,605.51	\$ 22,226.87
Total		\$ 2,934,553.52	\$ 29,626.53

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #2 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #2 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT I – IMPROVEMENT AREA #2 ANNUAL INSTALLMENT

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 39,616.47	\$ -	\$ -	\$ (39,616.47)	\$ -
2022	-	132,054.91	14,953.76	14,672.77	(132,054.91)	29,626.53
2023	51,311.93	132,054.91	15,252.84	14,672.77	-	213,292.44
2024	53,755.35	129,745.87	15,557.89	14,416.21	-	213,475.32
2025	56,198.78	127,326.88	15,869.05	14,147.43	-	213,542.14
2026	58,642.20	124,797.94	16,186.43	13,866.44	-	213,493.01
2027	61,085.63	122,159.04	16,510.16	13,573.23	-	213,328.05
2028	63,529.05	119,410.18	16,840.36	13,267.80	-	213,047.40
2029	65,972.48	116,551.38	17,177.17	12,950.15	-	212,651.18
2030	68,415.90	113,582.61	17,520.71	12,620.29	-	212,139.52
2031	73,302.75	110,503.90	17,871.13	12,278.21	-	213,955.99
2032	75,746.18	107,205.28	18,228.55	11,911.70	-	213,091.70
2033	78,189.60	103,796.70	18,593.12	11,532.97	-	212,112.39
2034	83,076.45	100,278.17	18,964.99	11,142.02	-	213,461.62
2035	85,519.88	96,539.72	19,344.28	10,726.64	-	212,130.52
2036	90,406.73	92,691.33	19,731.17	10,299.04	-	213,128.27
2037	95,293.58	88,623.03	20,125.79	9,847.00	-	213,889.40
2038	97,737.00	84,334.82	20,528.31	9,370.54	-	211,970.66
2039	102,623.85	79,936.65	20,938.88	8,881.85	-	212,381.23
2040	107,510.70	75,318.58	21,357.65	8,368.73	-	212,555.67
2041	112,397.55	70,480.60	21,784.81	7,831.18	-	212,494.13
2042	117,284.40	65,422.71	22,220.50	7,269.19	-	212,196.80
2043	122,171.25	60,144.91	22,664.91	6,682.77	-	211,663.84
2044	129,501.53	54,647.20	23,118.21	6,071.91	-	213,338.85
2045	134,388.38	48,819.63	23,580.58	5,424.40	-	212,212.99
2046	141,718.65	42,772.16	24,052.19	4,752.46	-	213,295.46
2047	146,605.50	36,394.82	24,533.23	4,043.87	-	211,577.42
2048	153,935.78	29,797.57	25,023.90	3,310.84	-	212,068.08
2049	161,266.06	22,870.46	25,524.37	2,541.16	-	212,202.05
2050	168,596.33	15,613.49	26,034.86	1,734.83	-	211,979.51
2051	178,370.03	8,026.65	26,555.56	891.85	-	213,844.09
Total	\$ 2,934,553.52	\$ 2,551,518.54	\$ 606,645.38	\$ 279,100.23	\$ (171,671.38)	\$ 6,200,146.28

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT J – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Parcel ID	Legal Description	Major Improvement Area	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248072	Major Improvement Area Initial Parcel	\$ 1,696,907.14	\$ 15,808.28
248122	Major Improvement Area Initial Parcel	1,447,037.94	13,480.52
477399	Major Improvement Area Initial Parcel	525,863.99	4,898.92
704716	Major Improvement Area Initial Parcel	385,813.77	3,594.22
816122	Major Improvement Area Initial Parcel	51,232.12	477.28
236952	Major Improvement Area Initial Parcel	650,303.85	6,058.19
248120	Major Improvement Area Initial Parcel	1,889,902.64	17,606.22
248146	Major Improvement Area Initial Parcel	442,938.55	4,126.39
Total		\$ 7,090,000.00	\$ 66,050.00

Note: For billing purposes only, until a plat has been recorded within the Major Improvement Area Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Major Improvement Area Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT K – MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 133,232.92	\$ -		\$ (133,232.92)	\$ -
2022	-	389,950.00	30,600.00	35,450.00	(389,950.00)	66,050.00
2023	105,000.00	389,950.00	31,212.00	35,450.00	-	561,612.00
2024	110,000.00	384,175.00	31,836.24	34,925.00	-	560,936.24
2025	115,000.00	378,125.00	32,472.96	34,375.00	-	559,972.96
2026	120,000.00	371,800.00	33,122.42	33,800.00	-	558,722.42
2027	130,000.00	365,200.00	33,784.87	33,200.00	-	562,184.87
2028	135,000.00	358,050.00	34,460.57	32,550.00	-	560,060.57
2029	145,000.00	350,625.00	35,149.78	31,875.00	-	562,649.78
2030	150,000.00	342,650.00	35,852.78	31,150.00	-	559,652.78
2031	160,000.00	334,400.00	36,569.83	30,400.00	-	561,369.83
2032	170,000.00	325,600.00	37,301.23	29,600.00	-	562,501.23
2033	175,000.00	316,250.00	38,047.25	28,750.00	-	558,047.25
2034	185,000.00	306,625.00	38,808.20	27,875.00	-	558,308.20
2035	195,000.00	296,450.00	39,584.36	26,950.00	-	557,984.36
2036	210,000.00	285,725.00	40,376.05	25,975.00	-	562,076.05
2037	220,000.00	274,175.00	41,183.57	24,925.00	-	560,283.57
2038	230,000.00	262,075.00	42,007.24	23,825.00	-	557,907.24
2039	245,000.00	249,425.00	42,847.39	22,675.00	-	559,947.39
2040	260,000.00	235,950.00	43,704.34	21,450.00	-	561,104.34
2041	275,000.00	221,650.00	44,578.42	20,150.00	-	561,378.42
2042	290,000.00	206,525.00	45,469.99	18,775.00	-	560,769.99
2043	305,000.00	190,575.00	46,379.39	17,325.00	-	559,279.39
2044	325,000.00	173,800.00	47,306.98	15,800.00	-	561,906.98
2045	340,000.00	155,925.00	48,253.12	14,175.00	-	558,353.12
2046	360,000.00	137,225.00	49,218.18	12,475.00	-	558,918.18
2047	380,000.00	117,425.00	50,202.54	10,675.00	-	558,302.54
2048	405,000.00	96,525.00	51,206.59	8,775.00	-	561,506.59
2049	425,000.00	74,250.00	52,230.73	6,750.00	-	558,230.73
2050	450,000.00	50,875.00	53,275.34	4,625.00	-	558,775.34
2051	475,000.00	26,125.00	54,340.85	2,375.00	-	557,840.85
Total	\$ 7,090,000.00	\$ 7,801,332.92	\$ 1,241,383.22	\$ 697,100.00	\$ (523,182.92)	\$ 16,306,633.22

[a] Interest is calculated at a 5.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-1 – LOT TYPE 1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-2 – LOT TYPE 2 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-3 – LOT TYPE 3 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 159.77	\$ -	\$ -	\$ (159.77)	\$ -
2022	-	532.55	60.31	59.17	(532.55)	119.48
2023	206.93	532.55	61.51	59.17	-	860.17
2024	216.79	523.24	62.74	58.14	-	860.91
2025	226.64	513.49	64.00	57.05	-	861.18
2026	236.49	503.29	65.28	55.92	-	860.98
2027	246.35	492.65	66.58	54.74	-	860.31
2028	256.20	481.56	67.91	53.51	-	859.18
2029	266.06	470.03	69.27	52.23	-	857.58
2030	275.91	458.06	70.66	50.90	-	855.52
2031	295.62	445.64	72.07	49.52	-	862.85
2032	305.47	432.34	73.51	48.04	-	859.36
2033	315.32	418.59	74.98	46.51	-	855.41
2034	335.03	404.40	76.48	44.93	-	860.85
2035	344.89	389.33	78.01	43.26	-	855.48
2036	364.59	373.81	79.57	41.53	-	859.51
2037	384.30	357.40	81.16	39.71	-	862.58
2038	394.16	340.11	82.79	37.79	-	854.84
2039	413.86	322.37	84.44	35.82	-	856.50
2040	433.57	303.75	86.13	33.75	-	857.20
2041	453.28	284.24	87.85	31.58	-	856.95
2042	472.99	263.84	89.61	29.32	-	855.75
2043	492.69	242.55	91.40	26.95	-	853.60
2044	522.26	220.38	93.23	24.49	-	860.36
2045	541.96	196.88	95.10	21.88	-	855.82
2046	571.53	172.49	97.00	19.17	-	860.18
2047	591.23	146.77	98.94	16.31	-	853.25
2048	620.80	120.17	100.92	13.35	-	855.23
2049	650.36	92.23	102.94	10.25	-	855.77
2050	679.92	62.97	104.99	7.00	-	854.87
2051	719.33	32.37	107.09	3.60	-	862.39
Total	\$ 11,834.52	\$ 10,289.81	\$ 2,446.49	\$ 1,125.56	\$ (692.32)	\$ 25,004.07

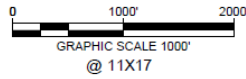
[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT M – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Units	Total Assessment	Maximum Assessment
1	264	\$ 3,070,446.48	\$11,630.48 per Unit
2	176	2,046,964.32	\$11,630.48 per Unit
3	75	887,589.19	\$11,834.52 per Unit
Total		\$ 6,005,000.00	

EXHIBIT N – LOT TYPE CLASSIFICATION MAP



LEGEND

	BOUNDARY
	SECTION LINE
	IA #1
	IA #2
	50' LOT
	55' LOT

Manor Heights Improvement Areas			
Lot Width	IA #1	IA #2	Overall
	Lot Count	Lot Count	Lot Count
50'	264	176	440
55'	0	75	75
Total Lots	264	251	515

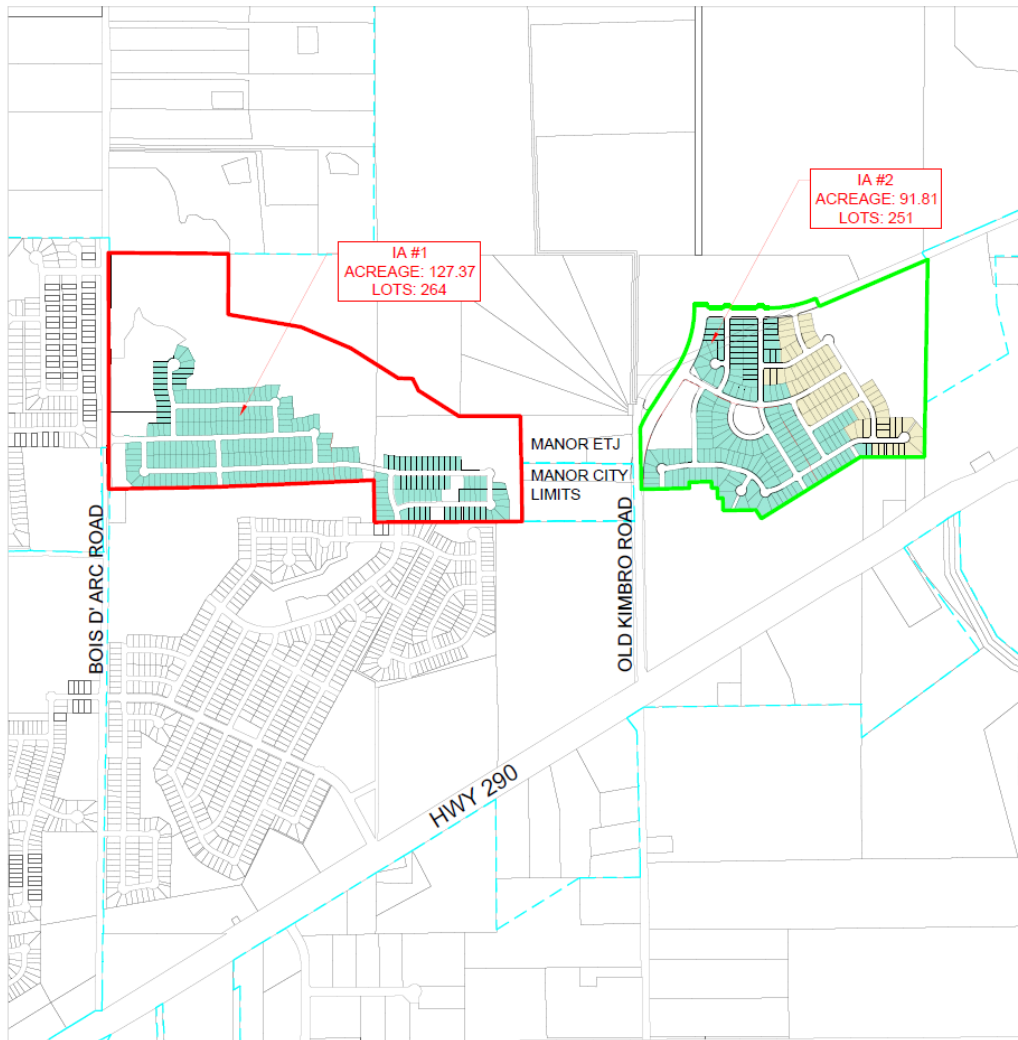


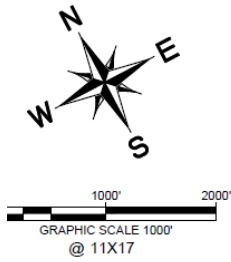
EXHIBIT N -LOT TYPE CLASSIFICATION

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn

10114 Jodyville
Bulverde, Suite 200
Austin, Texas 78719
512-781-1771
State of Texas Registration No. P-928
K:\2021\PROJECTS\2021\15241\15241.dwg

EXHIBIT O – MAP OF AUTHORIZED IMPROVEMENTS



LEGEND

	IA #1	—	WASTEWATER LINE (8" UNLESS NOTED)
	IA #2	—	WATER LINE (8" UNLESS NOTED)
	MAJOR IMPROVEMENT AREA	— FM —	FORCE MAIN
	ROADWAY	—	STORM SEWER
	MAD4		

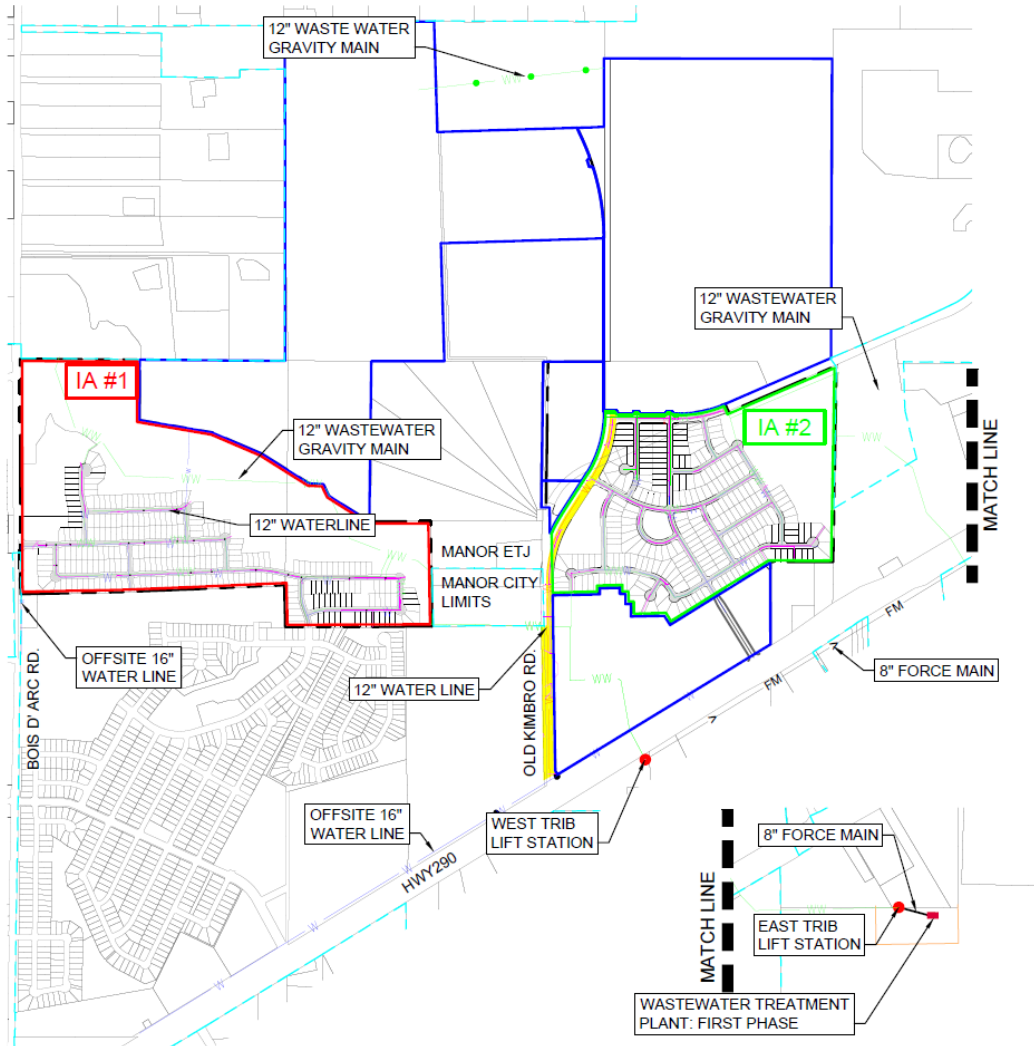


EXHIBIT O - MAP OF AUTHORIZED IMPROVEMENTS

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn

12814 Jollyville
Building 4, Suite 200
Austin, Texas 78759
512-719-1771
State of Texas Registration No. P-928
18726119/2282158/25815512/2818/51515

EXHIBIT P – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Travis County Clerk's Office
Honorable [County Clerk Name]
5501 Airport Boulevard
Austin, Texas 78751

Re: City of Manor Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Manor is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Manor
Attn: [City Secretary]
105 E. Eggleston Street
Manor, TX 78653

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

**[City Secretary Name]
105 E. Eggleston Street
Manor, TX 78653**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TRAVIS

§

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Manor, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Manor, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about November 7, 2018, the City Council for the City, approved Resolution No. 2018-10, creating the Manor Heights Public Improvement District; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11 adopted by the City Council on October 7, 2020; and

WHEREAS, the Manor Heights Public Improvement District consists of approximately 602.9 contiguous acres located within the City; and

WHEREAS, on or about [REDACTED], the City Council, approved Ordinance No. [REDACTED], (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Manor Heights Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of \$ _____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Travis County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Travis County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Travis County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF MANOR, TEXAS,

By: _____
 [Manager Name], City Manager

ATTEST:

 [Secretary Name], City Secretary

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [Manager Name], City Manager for the City of Manor, Texas, on behalf of said municipality.

 Notary Public, State of Texas

**EXHIBIT Q – ESTIMATED BUILDOUT VALUE FOR MAJOR IMPROVEMENT AREA,
IMPROVEMENT AREA #1, AND IMPROVEMENT AREA #2**

	Units		Estimated Buildout Value	Total Buildout Value	% of Estimated Buildout Value
<i>Improvement Area #1</i>					
50'	264	lots	\$ 285,000	\$ 75,240,000	
				\$ 75,240,000	15.61%
<i>Improvement Area #2</i>					
50'	176	lots	\$ 285,000	\$ 50,160,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
	251			\$ 71,910,000	14.92%
<i>Major Improvement Area</i>					
50'	516	lots	\$ 285,000	\$ 147,060,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
60'	144	lots	\$ 300,000	\$ 43,200,000	
Condos	370	units	\$ 204,000	\$ 75,480,000	
Office	68,999	SqFt	\$ 200	\$ 13,799,800	
Restaurant	17,250	SqFt	\$ 200	\$ 3,450,000	
Retail	150,935	SqFt	\$ 200	\$ 30,187,000	
				\$ 334,926,800	69.48%
				\$ 482,076,800	100.00%

EXHIBIT R – IMPROVEMENT AREA #1-2 BOND DEBT SERVICE SCHEDULE

EXHIBIT S – MAJOR IMPROVEMENT AREA BOND DEBT SERVICE SCHEDULE

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL



\$ _____
CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Manor, Texas (the "City") of its \$ _____ aggregate original principal amount of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the "Series 2021 MIA Bonds"). We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas; the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), the regulations of the United States Department of the Treasury adopted thereunder, rulings and procedures thereunder pertinent to this opinion; an ordinance of the City Council of the City (the "City Council") authorizing the Series 2021 MIA Bonds adopted on May 5, 2021 (the "Bond Ordinance"); the Indenture of Trust, dated May 1, 2021 (the "Indenture"), by and between the City and UMB Bank, N.A., as Trustee (the "Trustee") authorizing the issuance of the Series 2021 MIA Bonds; a transcript of certified proceedings of the City Council relating to the authorization, issuance, sale and delivery of the Series 2021 MIA Bonds, including the Bond Ordinance; the Indenture, the Series 2021 MIA Bonds and opinions of officials of the City; the Federal Tax Certificate of the City; and other pertinent instruments authorizing and relating to the issuance of the Series 2021 MIA Bonds. We have examined the Initial Series 2021 MIA Bond (as defined in the Indenture) which we found to be in due form and properly executed. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

BASED ON OUR EXAMINATION, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Series 2021 MIA Bonds are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.
2. The Series 2021 MIA Bonds are secured by and payable solely from the Trust Estate, as defined in the Indenture. The Owners of the Series 2021 MIA Bonds shall never have the right to demand payment thereof from any

funds raised by taxation, or from any other revenues, properties or income of the City.

3. Interest on the Series 2021 MIA Bonds is excludable for federal income tax purposes from the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax on individuals.

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Indenture and the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Series 2021 MIA Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Series 2021 MIA Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Series 2021 MIA Bonds.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Indenture not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Series 2021 MIA Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of May 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Manor, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., Austin, Texas (acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “Series 2021 MIA 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 Series 2021 MIA 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 May 1, 2021, between the Issuer and Trustee relating to the Series 2021 MIA 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:

“Administrator” shall mean P3Works, LLC, or an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, identified in any indenture of trust relating to the Series 2021 MIA Bonds or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Business Day” means any day other than 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 (as each term is defined in the Indenture) is located are required or authorized by law or executive order to close.

“Developer” shall mean Forestar (USA) Real Estate Group, Inc., a Delaware corporation, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Series 2021 MIA Bonds dated as of May 1, 2021 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean such officer or employee of the Issuer as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, 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 Manor Heights Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the calendar year from October 1 through September 30.

“Foreclosure Proceeds” 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.

“Major Improvement Area” shall have the meaning assigned to such term in the Indenture.

“Major Improvement Area Assessments” shall have the meaning assigned to such term in the Indenture.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Series 2021 MIA Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Prepayment(s)” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

Section 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before the expiration of six months after the end of each Fiscal Year.

(b) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, commencing with the Fiscal Year ending September 30, 2021, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(1) determine the filing address or other filing location of the MSRB each year within ten (10) Business Days prior to filing the Annual Issuer Report on the date required in subsection (a);

(2) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof;

(3) file audited financial statements of the Issuer pursuant to Section 4(b) herein; and

(4) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

Section 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Series 2021 MIA Bonds 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.* Within six (6) months after the end of each Fiscal Year the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(1) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Series 2021 MIA Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts under the Indenture securing the Series 2021 MIA Bonds and a description of the related investments.

(2) The principal and interest paid on the Series 2021 MIA Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Series 2021 MIA Bonds in the next Fiscal Year.

(3) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Major Improvement Area Assessments.

(4) The individual and aggregate taxable assessed valuation for parcels or lots within the District, based on the most recent certified tax roll available to the Issuer.

(5) Listing of any Major Improvement Area property owners representing more than five percent (5%) of the levy of Major Improvement Area Assessments, the amount of the levy of Major Improvement Area Assessments against such property owners, and the percentage of such Major Improvement Area Assessments relative to the entire levy of Major Improvement Area Assessments within the District, based on the most recent certified tax roll available to the Issuer.

(6) The current or delinquent status of the payment of the Major Improvement Area Assessments for each parcel or lot in the District as of March 1 of the calendar year immediately succeeding such Fiscal Year.

(7) The five-year collection and delinquency history.

(8) The total amount of (A) Annual Installments invoiced, (B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator), (C) delinquent Annual Installments and the length of time of such delinquency, (D) delinquent Major Improvement Area Assessments collected, (E) Foreclosure Proceeds collected, and (F) prepaid Major Improvement Area Assessments collected, as of the March 1 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(9) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such audited financial statements are not complete within the time period specified in subsection 4(a) above, then the Issuer shall provide unaudited financial statements within such period and shall provide audited financial statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs.

The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, or the Issuer's staff if no Administrator is designated, shall prepare and provide the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Series 2021 MIA 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 Series 2021 MIA Bonds, or other material events affecting the tax status of the Series 2021 MIA 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 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 Issuer does not intend for any sale by the Developer of real property within Major Improvement Area to be considered a significant event for the purposes of number (10) above.

For these purposes, “financial obligation” means (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an

existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The Issuer intends the words used in numbers (15) and (16) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For these purposes, any event described in the immediately preceding number (12) 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.

Whenever the Issuer obtains knowledge of 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 within ten (10) Business Days of the occurrence of such Listed Event; provided that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. The form for submitting such notice is attached hereto as Exhibit A. Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Series 2021 MIA 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 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 the Business Day immediately following the day on which it receives written instructions from the Issuer. The Issuer acknowledges the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Series 2021 MIA Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number (2), (7), (8), (10), (13), (14), or (15) of subsection (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

Section 6. Termination of Reporting Obligations. The obligations of the Issuer, 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 Series 2021 MIA Bonds, when the Issuer is no longer an obligated person with respect to the Series 2021 MIA Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Series 2021 MIA Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Series 2021 MIA Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Series 2021 MIA Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Series 2021 MIA Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Series 2021 MIA Bonds under Section 5(a).

Section 7. Dissemination Agent. The Dissemination Agent agrees to perform the duties set forth in this Disclosure Agreement. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer

discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. 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 the Trustee. In addition, pursuant to the Disclosure Agreement of Developer, the Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, and any other party responsible for providing Quarterly Information pursuant to the Disclosure Agreement of Developer, in carrying out their respective obligations under the Disclosure Agreement of Developer, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. In the event the Issuer appoints a new Dissemination Agent under the Disclosure Agreement of Developer, the Issuer shall give written notice of such change to the Administrator and any Party responsible for providing Quarterly Information at least fifteen (15) days prior to the next Quarterly Filing Date. With the exception of the term "Disclosure Agreement of Developer", capitalized terms used in this paragraph shall have the meanings given to such terms in the Disclosure Agreement of Developer.

Section 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA 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 Series 2021 MIA Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial

information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2021 MIA Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Series 2021 MIA Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2021 MIA Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Major Improvement Area Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2021 MIA Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent shall not be responsible for the Issuer's failure to submit a complete Annual Report 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 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

Except as otherwise provided herein, the Administrator shall not have any responsibility for the (1) accuracy of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, or (2) the untimeliness of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in Sections 3 and 4 of this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Major Improvement Area Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability resulting from information provided to the Administrator by the Issuer, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties or the Developer, or the failure of any third party or the Developer to provide information to the Administrator as and when required under this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Series 2021 MIA Bonds.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR ARE UNDER ANY OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 12. Assessment Timeline. The basic expected timeline for the collection of Major Improvement Area Assessments and the anticipated procedures for pursuing the collection of delinquent Major Improvement Area Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Major Improvement Area Assessments.

Section 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

Section 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 15. Sovereign Immunity. The Dissemination Agent 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 16. 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 Series 2021 MIA Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the Major Improvement Area of the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

Section 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

Section 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 22. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify 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, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable 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 Dissemination Agent and the Administrator understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 23. Iran, Sudan, and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator 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 2252.1 53 or Section 2270.020, 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
or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Dissemination Agent, 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 the Administrator understand "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 24. 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.

[Signature pages follow.]

CITY OF MANOR, TEXAS

By: _____
Dr. Larry Wallace Jr.
Mayor

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Manor, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021 (Manor Heights
Public Improvement District Major Improvement Area Project)
Date of Delivery: _____, 20__
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Manor, Texas, has not provided [an Annual Issuer Report] [annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of May 1, 2021, between the Issuer, P3Works, LLC, as Administrator and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report] [annual audited financial statements] will be filed by _____.

Dated: _____

UMB Bank, N.A.,
on behalf of the City of Manor, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Manor, Texas

EXHIBIT B

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.,
Address: _____
City: _____, Texas _____
Telephone: () - _____
Contact Person: Attn: ____]

SECTION 4(a)(1)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

SECTION 4(a)(1)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

* Excluding Audited Financial Statements of the Issuer

SECTION 4(a)(2)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE 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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ITEMS REQUIRED BY SECTION 4(a)(3) - (6)

[Insert a line item for each applicable listing]

SECTION 4(a)(7)

Collection and Delinquency History of the Major Improvement Area Assessments

<u>Time</u> <u>Period</u>	Total Major Improvement Area Assessments <u>Levied</u>	<u>Parcels</u> <u>Levied</u> ⁽¹⁾	Delinquent Amount as <u>of 3/1</u>	Delinquent % as of 3/1	Delinquent Amount as <u>of 9/1</u>	Delinquent % as of 9/1	Total Major Improvement Area Assessments <u>Collected</u> ⁽²⁾
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(8) - (9)

[Insert a line item for each applicable listing]

EXHIBIT C

**BASIC EXPECTED TIMELINE FOR MAJOR IMPROVEMENT AREA ASSESSMENT
COLLECTIONS AND PURSUIT OF DELINQUENCIES**

Date	Delinquency Clock (Days)	Activity
January 31		Major Improvement Area Assessments are due.
February 1	1	Major Improvement Area Assessments Delinquent if not
February 15	15	Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 15. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.
		At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Major Improvement Area Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.
		If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
February 15	15	Issuer and/or Administrator should be aware of actual and specific delinquencies.
March 15		Trustee pays bond interest payments to bondholders.
		Reserve Fund payment to Bond Fund may be required if Major Improvement Area Assessments are below approximately 50% collection rate.

Date	Delinquency Clock (Days)	Activity
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.
		Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.
		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.
March 31	59/60	Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies in the form of the Annual Issuer Report or otherwise.
		If any property owner with ownership of property responsible for more than \$10,000 of the Major Improvement Area Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Major Improvement Area Assessments.
April 15	74/75	Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.
		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	89/90	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	103/104	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).

Date	Delinquency Clock (Days)	Activity
June 1	120/121	Foreclosure action to be filed with the court.
June 15	134/135	Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
July 1	150/151	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of May 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and among Forestar (USA) Real Estate Group, Inc. (the “Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., Austin, Texas (acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “Series 2021 MIA Bonds”). The Developer, the Administrator and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Series 2021 MIA 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 May 1, 2021, relating to the Series 2021 MIA 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 Improvements” shall mean, collectively, the HOA Amenities and the Parkland Improvements.

“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 Installment” shall have the meaning assigned to such term in the Indenture.

“Business Day” means any day other than 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 (as each term is defined in the Indenture) is located are required or authorized by law or executive order to close.

“Certification Letter” shall mean a certification letter provided by the Developer or any Significant Homebuilder, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Forestar (USA) Real Estate Group, Inc., a Delaware corporation, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct the Major Improvement Area Projects and/or the Additional Improvements and their designated successors and assigns.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Development Agreement” means the agreement titled the “Development Agreement (Manor Heights),” which was entered into by and between the City, Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company on November 7, 2018, as assigned to Forestar (USA) Real Estate Group, Inc. on October 31, 2019, and amended on November 6, 2019, and as further amended on October 21, 2020.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer dated as of May 1, 2021 executed and delivered by and among the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, 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 Manor Heights Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“HOA Amenities” shall mean a swimming pool, pool house, and playground, or other similar improvements to be constructed by the Developer within the District and to be owned and/or operated by a homeowners’ association.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into a Lot Sale Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Sale Agreement.

“Issuer” shall mean the City of Manor, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) and (b) of this Disclosure Agreement, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Major Improvement Area of the District, any lot purchase and sale agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“Major Improvement Area” shall have the meaning assigned to such term in the Indenture.

“Major Improvement Area Assessments” shall have the meaning assigned to such term in the Indenture.

“Major Improvement Area Projects” shall have the meaning assigned to such term in the Indenture.

“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.

“Non-SF Parcels” shall mean each commercial parcel, which intended use could include office, restaurant, or retail, in the Major Improvement Area.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parkland” shall mean the approximately thirty-three (33) acres of land within the District to be dedicated to the Issuer for parkland.

“Parkland Improvements” shall mean the parks, recreational facilities, landscaping, open space improvements and other similar improvements within the Parkland.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall mean any legal person, including 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.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30, and December 31, beginning September 30, 2021.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean the Developer and/or Significant Homebuilder, as applicable.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns five percent (5%)¹ or more of the single-family residential lots within the Major Improvement Area.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

Section 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with [September 30, 2021], the information required for the preparation of the Quarterly Report (with respect to each party, the “Quarterly Information”). The Developer and any Significant Homebuilder shall provide, or cause to be provided to the Administrator, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, if the Developer elects, the Developer may, but shall not be obligated to provide any Quarterly Information on behalf of any Significant Homebuilder. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Developer and/or Significant Homebuilder pursuant to subsection (a) above and (ii) provide to the Developer and/or Significant Homebuilder, as applicable, each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. The Developer and/or any Significant Homebuilder, as applicable, shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, the Developer and/or any Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in this Section 3 and the Certification Letter(s) provided by the Developer and/or any Significant Homebuilder, as applicable. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s) with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent’s receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not

¹ At closing of the Series 2021 MIA Bonds, based on 735 single-family lots as shown in the Service and Assessment Plan, five percent (5%) of the total single-family residential lots within the Major Improvement Area of the District is currently equal to approximately 37 lots and/or units.

later than each Quarterly Filing Date. In the event that the Developer, any Significant Homebuilder or the Administrator does not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the Developer, Significant Homebuilder or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit C, as soon as practicable. If incomplete Quarterly Information is provided by the Developer or any Significant Homebuilder to the Dissemination Agent, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If the Developer and/or any Significant Homebuilder timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner, shall not be deemed a default by the Developer, or any Significant Homebuilder, as applicable, under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to that as Table 3(d)(i) in Exhibit A attached hereto, the composition of the property within Major Improvement Area subject to the Major Improvement Area Assessments, as of the Quarterly Ending Date, including:

A. The total number of proposed single-family residential lots and proposed number of acres of Non-SF Parcels, with the Non-SF Parcels broken out by type of use, within the Major Improvement Area, as of the Quarterly Ending Date;

B. The total number of proposed single-family residential lots and proposed number of acres of Non-SF Parcels, with the Non-SF Parcels broken out by type of use, within the Major Improvement Area, identified in the prior Quarterly Report;

C. The number of platted single-family residential lots, and platted Non-SF Parcels, with the Non-SF Parcels broken out by type of use, within the Major Improvement Area, as of the Quarterly Ending Date;

D. The number of platted single-family residential lots and platted Non-SF Parcels, with the Non-SF Parcels broken out by type of use, within the Major Improvement Area identified in the prior Quarterly Report; and

E. An explanation as to any change to the total number of proposed single-family residential lots and proposed number of acres of Non-SF Parcels within the Major Improvement Area from the prior Quarterly Report;

(ii) In a form similar to that as Table 3(d)(ii) in Exhibit A attached hereto, the landowner composition of the Major Improvement Area, including:

A. The number of Parcels and/or lots owned by each type of landowner (i.e., the Developer, Homebuilder, Non-SF Landowner, homeowner (end-user)); and

B. Based on the information in the Annual Service Plan Update most recently approved by the Issuer, the percentage of Annual Installments of Assessments relative to the total Annual Installments of Assessments for each type of landowner, as of the Quarterly Ending Date, including any changes from the prior Quarterly Ending Date;

(iii) In a form similar to that as Table 3(d)(iii) in Exhibit A attached hereto, a listing of all Homebuilders and Non-SF Landowners and, based on the information in the Annual Service Plan Update most recently approved by the Issuer, the percentage of each Homebuilder's, Non-SF-Landowners, the Developer's and homeowner's (end-users') Annual Installments of Assessments relative to the total Annual Installments of Assessments, as of the Quarterly Ending Date;

(iv) In a form similar to that as Table 3(d)(iv) in Exhibit A attached hereto, for each SF Parcel, lot absorption statistics by lot type, on a quarter over quarter basis, including:

A. The number of single family lots platted in the Major Improvement Area;

B. The number of single family lots in the Major Improvement Area owned by the Developer under contract (but not closed) with a Homebuilder;

C. The number of single family lots in the Major Improvement Area closed with a Homebuilder; and

D. The number of single family lots in the Major Improvement Area owned by the Developer not closed or under contract with a Homebuilder;

(v) In a form similar to that as Table 3(d)(v) in Exhibit A attached hereto, for each SF Parcel, for each Homebuilder by lot type, on a quarter over quarter basis:

A. The number of homes under construction in the Major Improvement Area;

B. The number of completed homes not under contract with homeowners (end-users), in the Major Improvement Area;

C. The number of homes under contract with homeowners (end-users) in the Major Improvement Area;

D. The number of homes closed with (delivered to) homeowners (end-users) in the Major Improvement Area;

E. The average sales price of homes closed with homeowners (end-users); and

F. The estimated date of completion of all homes to be constructed by the Homebuilder;

(vi) In a form similar to that as Table 3(d)(vi) in Exhibit A attached hereto, for each Non-SF Parcel, including but not limited to, commercial, office, retail, and mixed-use:

A. Name of landowner/developer/builder entity;

B. Actual or expected use for such Parcel (i.e., retail, office, mixed-use, etc.);

C. Number of acres of such Parcel;

D. If Non-SF Parcel will be developed as a condominium, the number of proposed/actual units.

E. Actual or expected date of commencement of vertical construction on the applicable Parcel;

F. Actual or expected date of substantial completion of vertical improvements on the applicable Parcel;

G. Type of business(es) or tenant(s), if any; and

H. Narrative update on construction milestones of vertical construction since the date of the prior Quarterly Report.

(vii) In a form similar to that as Table 3(d)(vii) in Exhibit A attached hereto, materially adverse changes or determinations to permits/approvals for the development of the Major Improvement Area which necessitates changes to the land use plans of the Developer; and

(viii) In a form similar to that as Table 3(d)(viii) in Exhibit A attached hereto, information on any existing, new or modified mortgage debt on the land within the Major Improvement Area owned by the Developer, including the original principal amount, loan balance, existence of deeds of trust or other similar encumbrances against the property within the Major Improvement Area, interest rate and terms of repayment.

(e) Until completion of the Major Improvement Area Projects, the Quarterly Report shall include, in a form similar to that as Tables 3(e)(i)-(iii) in Exhibit A attached hereto, with respect to each category of the Major Improvement Area Projects, as set forth in the Service and Assessment Plan, and with respect to each category of the Additional Improvements, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Construction budget and timeline for the Major Improvement Area Projects, including:

A. Total budgeted costs of all the Major Improvement Area Projects;

- B. Total actual costs of the Major Improvement Area Projects drawn from the MIA Improvements Account and the Developer Improvement Account, if any (as defined in the Indenture), as of the Quarterly Ending Date;
 - C. Total actual costs of the Major Improvement Area Project financed with other sources of funds (non-bond financed), as of the Quarterly Ending Date;
 - D. Actual or expected date of commencement of construction;
 - E. Forecast or actual construction completion date, and if there is a delay from the date previously reported, an explanation of the delay; and
 - F. Actual Issuer acceptance date, if accepted; and
- (ii) Construction budget and timeline for the Additional Improvements, including:
- A. Budgeted costs of all Additional Improvements;
 - B. Expected or actual construction start date;
 - C. Total actual costs of all Additional Improvements, as of the Quarterly Ending Date;
 - D. Forecast or actual construction completion date, if delay from previously reported, an explanation of the delay; and
 - E. Actual Issuer acceptance date; and
- (iii) Narrative update on construction milestones for the Major Improvement Area Projects and Additional Improvements since the date of the prior Quarterly Report.

Section 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Series 2021 MIA Bonds:

(i) Failure to pay any real property taxes or Major Improvement Area Assessments levied within the Major Improvement Area on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the Major Improvement Area to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement; provided that the Developer has complied with all legal requirements relating to the protest of such value, including the posting of a bond, if required;

(ii) Material damage to or destruction of any development or improvements within the Major Improvement Area, including the Major Improvement Area Projects, and the Additional Improvements;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the acquisition, development or permanent financing of the Major Improvement Area undertaken by the Developer or any of the Developer's affiliates;

(iv) Material default by the Developer or any of Developer's affiliates on any loan secured by property within the Major Improvement Area owned by the Developer or any of the Developer's affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's affiliates or any determination that the Developer or any of the Developer's affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages, in excess of \$1,000,000 against the Developer or any of the Developer's affiliates that may adversely affect the completion of development of the Major Improvement Area or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's affiliates;

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 herein.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Series 2021 MIA Bonds:

(i) Failure to pay any real property taxes or Major Improvement Area Assessments levied within the Major Improvement Area on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within the Major Improvement Area to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement

to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Sale Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever the Developer obtains knowledge of the occurrence of a Developer Listed Event, the Developer shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Developer becomes aware of the occurrence of such Developer Listed Event. If the Developer timely notifies the Dissemination Agent of the occurrence of a Developer Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

Whenever a Significant Homebuilder obtains knowledge of the occurrence of a Significant Homebuilder Listed Event, the applicable Significant Homebuilder shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and such Significant Homebuilder shall direct the Dissemination Agent in writing to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer, the Developer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Significant Homebuilder becomes aware of the occurrence of such Significant Homebuilder Listed Event. If the Significant Homebuilder timely notifies the Dissemination Agent of the occurrence of a Significant Homebuilder Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Significant Homebuilder under this Disclosure Agreement.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Developer or Significant Homebuilder, as applicable, desires to make, the written authorization of the Developer or the Significant Homebuilder, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer or Significant Homebuilder, as applicable, desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the Developer Listed Event or Significant Homebuilder Listed Event, as applicable).

The Developer and each Significant Homebuilder, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless if such

Person is providing Quarterly Information on behalf of any other Reporting Party. In all cases, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the applicable Listed Event.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer, the Developer and the Significant Homebuilder, if applicable, 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 Developer or Significant Homebuilder, as applicable, to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer or Significant Homebuilder, as applicable, 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 Developer and Significant Homebuilder, as applicable, as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Developer, Significant Homebuilder, or any Owner or beneficial owner of any interests in the Series 2021 MIA Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by the Developer or Significant Homebuilder to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from the Developer or Significant Homebuilder, as applicable; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event. The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer and the Developer 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 Developer to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer 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 Developer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Developer or any Owner or beneficial owner of any interests in the Series 2021 MIA Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

Section 5. Assumption of Reporting Obligations by Developers.

The Developer shall cause each Person, who, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or

Additional Improvements to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement and assumption from each Person who assumes the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or Additional Improvements, in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a “Developer” in the future.

Section 6. Assumption of Reporting Obligations by Significant Homebuilders.

If a Homebuilder acquires ownership of real property in the Major Improvement Area resulting in such Homebuilder becoming a Significant Homebuilder, the Developer shall cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Sections 3(d)(iv) and 4(b) hereof, with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement; provided, however, a Significant Homebuilder who is also a Developer shall be required to provide the disclosure information required by Sections 3 and 4(a), as applicable, pursuant to Section 5 above. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Sections 4(a)(ix) and 4(b)(vi) above, the Developer or Significant Homebuilder, as applicable, shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

Section 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Series 2021 MIA Bonds remain Outstanding or (ii) the date when (A) all of the Major Improvement Area Projects and Additional Improvements within the Major Improvement Area are complete and (B) the Developer no longer owns at least ten

percent (10%)² of the single family residential lots (proposed or actual) and the condominium units (proposed or actual) within the Major Improvement Area as of the applicable Quarterly Ending Date.

(b) The reporting obligations of a Significant Homebuilder, if any, under this Disclosure Agreement shall terminate upon the earlier of when (i) none of the Series 2021 MIA Bonds remain Outstanding, or (ii) the Significant Homebuilder no longer owns at least five percent (5%)³ of the single family residential lots and/or single-family residential units within the Major Improvement Area as of the applicable Quarterly Ending Date.

(c) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) or (b) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Series 2021 MIA Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Series 2021 MIA Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) or (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

Section 8. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be UMB Bank, N.A. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer, the Developer and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement

² At closing of the Series 2021 MIA Bonds, based on the proposed 735 single-family lots and 370 condominium units as shown in the Service and Assessment Plan, ten percent (10%) of the total single-family residential lots or condominium units (proposed or actual) within the Major Improvement Area of the District is equal to approximately 112 lots and/or units.

³ At closing of the Series MIA Bonds, based on the Service and Assessment Plan, five percent (5%) of the total single-family residential lots or single-family residential condominium units (proposed or actual) within the Major Improvement Area of the District is currently equal to approximately 37 lots and/or units.

of Issuer, the Issuer has agreed to provide written notice to each of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof of any change in the identity of the Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Series 2021 MIA 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 Series 2021 MIA Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

Section 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 10 of this Disclosure Agreement.

Section 12. Default. In the event of a failure of the Developer, any Significant Homebuilder or the Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Series 2021 MIA Bonds may, and the Trustee (at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2021 MIA Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Developer, Significant Homebuilder and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2021 MIA Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Significant Homebuilder or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer, or any Significant Homebuilder, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Significant Homebuilder or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2021 MIA Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to

hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Series 2021 MIA Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, any Significant Homebuilder, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, any Significant Homebuilder, 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. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Series 2021 MIA Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the Major Improvement Area, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

Section 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Major Improvement Area, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

Section 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 20. 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.]

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

Forestar (USA) Real Estate Group, Inc.,
a Delaware corporation
(as Developer)

By: _____
Name: _____
Title: _____

P3WORKS, LLC
(as Administrator)

By: _____
Name: _____
Title: _____

EXHIBIT A

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.

Address:

City:

Telephone: (____) - _____

Contact Person: Attn: _____

[Remainder of page intentionally left blank]

TABLE 3(d)(i)

MAJOR IMPROVEMENT AREA OVERVIEW (as of <i>[Insert Quarterly Ending Date]</i>)			
NUMBER OF SINGLE-FAMILY PARCELS, ACREAGE OF SUCH PARCELS AND NUMBER OF PLATTED SINGLE FAMILY LOTS IN MAJOR IMPROVEMENT AREA SUBJECT TO MAJOR IMPROVEMENT AREA ASSESSMENTS:			
	Major Improvement Area ⁽¹⁾	Original Service and Assessment Plan ⁽²⁾	Explanation as to any change in Lots/Parcels from Original Service and Assessment Plan
Single Family			
Total SF Parcels/Acres			
Lot Type	-	-	
50' Lot			
55' Lot			
60' Lot			
[Future SF]			
<i>Total SF Lots:</i>			
Non-Single Family			
Total Proposed Non-SF Acres			
[Condos]			
[Office]			
[Restaurant]			
[Inline Retail]			
[Additional Non-SF]			
Total Platted Non-SF Parcels			NA
[Condos]			NA
[Office]			NA
[Restaurant]			NA
[Inline Retail]			NA
[Additional Non-SF]			NA

⁽¹⁾ Single family lots represent the number of platted single family lots in Major Improvement Area, as of *[Insert Quarterly Ending Date]*.

⁽²⁾ Single-family lots represent the number of planned single family lots included in Exhibit [Q] of the original Service and Assessment Plan.

[Remainder of page intentionally left blank]

TABLE 3(d)(ii)

DEVELOPER COMPOSITION (as of [<i>Insert Quarterly Ending Date</i>]) OF MAJOR IMPROVEMENT AREA		
Landowner Composition	Number of Actual Single-Family Residential Lots Owned	Percentage of Total Actual Single-Family Residential Lots
Developer Owned		
50' Lot		
55' Lot		
60' Lot		
[Future SF]		
<i>Total Developer Owned SF Lots:</i>		
[Homebuilder] Owned⁽¹⁾		
50' Lot		
55' Lot		
60' Lot		
[Future SF]		
<i>Total Homebuilder Owned SF Lots:</i>		
End-User Owned		
50' Lot		
55' Lot		
60' Lot		
[Future SF]		
<i>Total End-User Owned SF Lots:</i>		
Non-SF Landowner Owned/Leased		
[Condos]		
[Office]		
[Restaurant]		
[Inline Retail]		
[Additional Non-SF]		
<i>Total Non-SF Owned/Leased SF Lots:</i>		
<i>Total Development:</i>		

(1) Add additional rows for each Homebuilder.

(2) Information for Homebuilder owned, Non-SF Landowner owned and homeowner (end-user) owned is reported as the total aggregate amount for the applicable type of landowner within Major Improvement Area.

TABLE 3(d)(iii)

MAJOR IMPROVEMENT AREA ASSESSMENT PAYER CONCENTRATION (as of [Insert Quarterly Ending Date])	
Landowner	Percentage of Annual Installments of Assessments relative to the total Annual Installments of Assessments ⁽¹⁾
Developer	%
Homebuilders⁽²⁾	
	%
	%
	%
	%
Non-SF Landowners⁽²⁾	
	%
	%
	%
Homeowners (End-Users)⁽³⁾	%

- (1) Derived from information in the Assessment Roll approved by the Issuer on _____, 20__ as part of the Annual Service Plan Update. Does not take into consideration any prepayments of Assessments made between the date of such Annual Service Plan Update and the date of this Quarterly Report.
- (2) Add lines for each Homebuilder and Non-SF Landowner.
- (3) Information for homeowners (end-users) is reported as the total aggregate amount for all end-users within the Major Improvement Area.

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

TABLE 3(d)(iv)

DEVELOPER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN MAJOR IMPROVEMENT AREA											
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__
# of platted SF lots: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL											
# of SF lots under contract with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ 60' ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ 60' ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ [Future SF] Subtotal TOTAL											
# of SF lots closed with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ 60' ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ 60' ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 50' ○ 55' ○ 60' ○ [Future SF] Subtotal TOTAL											
# of SF lots not under contract with Homebuilders: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL											

TABLE 3(d)(v)

[Homebuilder] ABSORPTION STATISTICS FOR SINGLE-FAMILY RESIDENTIAL LOTS IN MAJOR IMPROVEMENT AREA ⁽¹⁾								
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__
# of SF homes under construction: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL								
# of completed SF homes NOT under contract with end-user: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL								
# of SF homes under contract with end-user: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL								
# of SF homes delivered to end-users: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] TOTAL								
Average home prices of homes delivered to end-users: <ul style="list-style-type: none"> • 50' • 55' • 60' • [Future SF] • Average 								

⁽¹⁾ Additional tables to be added for each Homebuilder

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, _____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, _____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, _____.

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS A NON-SF PARCEL:

TABLE 3(d)(vi)

DEVELOPMENT OF NON-SF PARCELS						
Name of Landowner/ Developer/Builder	Actual/Expected use of Parcel	Number of Acres of Parcel	If Condo, Number of Actual/Expected Units	Actual/Expected Date of Commencement of Vertical Construction	Actual/Expected Date of Substantial Completion	Type of Business/Tenant

Narrative update on construction milestones of vertical construction since last Quarterly Report:

STATUS OF DEVELOPMENT IN THE MAJOR IMPROVEMENT AREA:

TABLE 3(d)(vii)

PERMITS/APPROVALS	
Change or Determination to Permit/Approval	Description of the Change to the Land Use Plan

TABLE 3(d)(vii)

INFORMATION ON EXISTING, NEW OR MODIFIED MORTGAGE DEBT						
Borrower	Lender	Amount	Loan Balance	Existence of Deeds of Trust	Interest Rate	Terms

[Remainder of page intentionally left blank]

STATUS OF MAJOR IMPROVEMENT AREA PROJECTS AND ADDITIONAL IMPROVEMENTS:

TABLES 3(e)(i)-(iii)

MAJOR IMPROVEMENT AREA PROJECTS BUDGET AND TIMELINE OVERVIEW					
	Budgeted Costs	Actual costs of the Major Improvement Area Projects drawn from the MIA Improvements Account and the Developer Improvement Account, if any (as defined in the Indenture), as of <i>[Insert Quarterly Ending Date]</i>	Actual Costs financed with sources other than Bond proceeds as of <i>[Insert Quarterly Ending Date]</i>	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Major Improvement Area Projects:					
Major Improvements:	\$ _____	\$ _____	\$ _____	_____	_____
• Wastewater Treatment Plant	\$ _____	\$ _____	\$ _____	_____	_____
• Roadway	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs					
Major Improvement Area Improvements:	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	_____	_____
• Wastewater	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	_____	_____
• Roadway	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs					

[Remainder of page intentionally left blank]

ADDITIONAL IMPROVEMENTS BUDGET AND TIMELINE OVERVIEW					
	Budgeted Costs	Expected or Actual Construction Start date	Actual Costs spent as of [Insert Quarterly Ending Date]	Forecast or Actual Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Additional Improvements:					
<ul style="list-style-type: none"> • HOA Amenities • Parkland Improvements 	\$ _____	_____	\$ _____	_____	_____
	\$ _____	_____	\$ _____	_____	_____

Narrative update on construction milestones for Major Improvement Area Projects and Additional Improvements since last Quarterly Report:

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Manor, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Manor Heights Public Improvement District Major Improvement
Area Project) (the “Series 2021 MIA Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__
SECTION 1.

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”][“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending Date*]
with respect to the Series 2021 MIA Bonds as required by the Continuing Disclosure Agreement
of Developer dated as of May 1, 2021, by and among Forestar (USA) Real Estate Group, Inc., a
Delaware corporation (the “Developer”), P3Works, LLC, as the “Administrator” and UMB Bank,
N.A., as the “Dissemination Agent.” The [Developer] [“Significant Homebuilder”] anticipates that
the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

UMB Bank, N.A.
on behalf of the Developer
(acting solely in its capacity as
Dissemination Agent)

By: _____

Title: _____

cc: City of Manor, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Manor, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
 (Manor Heights Public Improvement District Major Improvement
 Area Project) (the "Series 2021 MIA Bonds")
 CUSIP Numbers. [insert CUSIP Numbers]
 Date of Delivery: _____, 20__

FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

UMB Bank, N.A.

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

Forestar (USA) Real Estate Group, Inc.

NOTICE IS HEREBY GIVEN that that _____, a
 _____ (the ["Developer"¹]["Significant Homebuilder"]) is no longer
 responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
 Series 2021 MIA Bonds, thereby, terminating such party's reporting obligations under the
 Continuing Disclosure Agreement of Developer dated as of May 1, 2021, by and among Forestar
 (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer"), P3Works, LLC, as the
 "Administrator" and UMB Bank, N.A., as the "Dissemination Agent."

Dated: _____

P3Works, LLC
 on behalf of the Developer
 (solely in its capacity as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Manor, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

Re: Quarterly Report for Manor Heights Public Improvement District – Major Improvement Area

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of May 1, 2021 by and among Forestar (USA) Real Estate Group, Inc. (the “Developer”), P3Works, LLC, as the “Administrator”, and UMB Bank, N.A., as the “Dissemination Agent,” this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation
(as Developer)

By: _____

Name: _____

Title: _____

OR

[SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)

By: _____

Title: _____]

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Manor Heights Public Improvement District Major Improvement Area – Continuing Disclosure Obligation

Dear _____,

Per [Insert name of applicable agreement], as of _____, 20__, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or Additional Improvements (as those terms are defined in the Disclosure Agreement of Developer) within Major Improvement Area of the Manor Heights Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer dated as of May 1, 2021 (the “Disclosure Agreement of Developer”) by and among Forestar (USA) Real Estate Group, Inc. (the “Initial Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A. (the “Dissemination Agent”) with respect to the “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project),” any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or Additional Improvements within the Major Improvement Area of the District is defined as a Developer.

As a Developer, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Forestar (USA) Real Estate Group, Inc.,
a Delaware corporation (as Developer)

By: _____
Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Manor Heights Public Improvement District Major Improvement Area – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within the Major Improvement Area of the Manor Heights Public Improvement District (the “District”), which is equal to approximately ____% of the single-family residential lots within the Major Improvement Area of the District.

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer dated as of May 1, 2021, (the “Disclosure Agreement of Developer”) by and among Forestar (USA) Real Estate Group, Inc., (the “Initial Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A. (the “Dissemination Agent”) with respect to the “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project),” any person or entity that owns ten (10) or more of the single-family residential lots or parcels within the Major Improvement Area of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

[SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)

By: _____
Title: _____]

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

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APPENDIX F
FINANCING AND REIMBURSEMENT AGREEMENT

MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
FINANCING AND REIMBURSEMENT AGREEMENT

BETWEEN

FORESTAR (USA) REAL ESTATE GROUP, INC., A DELAWARE CORPORATION

AND

CITY OF MANOR, TEXAS

MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT FINANCING AND REIMBURSEMENT AGREEMENT

This Manor Heights Public Improvement District Financing and Reimbursement Agreement (this “**Agreement**”), dated as of _____, 2021 (the “**Effective Date**”), is entered into between Forestar (USA) Real Estate Group, Inc., a Delaware corporation (including any Designated Successors and Assigns, the “**Owner**”), and the City of Manor, Texas (the “**City**”), acting by and through each’s duly authorized representative. The Consenting Party and the Owner and the City are sometimes collectively referenced in this Agreement as the “**Parties**”, or, each individually, as the “**Party**”. Capitalized terms not defined herein shall have the meanings ascribed thereto in Exhibit “A”, attached hereto.

Recitals:

WHEREAS, Owner, RHOF, LLC, a Texas limited liability company (“**RHOF**”) and Continental Homes of Texas, L.P., a Texas limited partnership (“**Horton**”) own a total of approximately 602 acres of land located within the City (the “**Property**”), which Property is more particularly described in Exhibit “B”, attached hereto;

WHEREAS, RHOF, Sky Village Kimbro Estates, LLC, and the City entered into a Development Agreement, effective November 7, 2018, which was amended by that certain First Amendment dated November 6, 2019 and that certain Second Amendment dated October 21, 2020 (as may be amended further, the “**Development Agreement**”) pertaining to development matters with respect to the Property;

WHEREAS, it is intended that the Property will be developed as a primarily residential development with approximately 24 acres intended to be developed for commercial use, in accordance with the Development Agreement, Ordinance No.481 which established the zoning for Manor Heights South, and the Planned Unit Development Zoning (as may be further amended, the “**PUD**”), adopted by the City Council of the City (the “**City Council**”) pursuant to Ordinance No. 534 on November 14, 2018 (the “**Project**”);

WHEREAS, the City Council authorized the formation of the Manor Heights Public Improvement District (as amended, the “**District**”) pursuant to a Resolution adopted by the City Council on November 7, 2018, in accordance with Chapter 372 of the Texas Local Government Code (the “**PID Act**”);

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to a Resolution No. 2020-11 adopted by the City Council on October 7, 2020.

WHEREAS, pursuant to a Resolution adopted by City Council on March 17, 2021, Owner and the City entered into that certain Manor Heights Public Improvement District Acquisition and Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) as authorized by Section 372.023(d)(1) of the Act (the “**IA Acquisition and Reimbursement Agreement**”);

WHEREAS, pursuant to a Resolution adopted by City Council on April 21, 2021, Owner and the City entered into that certain Manor Heights Public Improvement District Acquisition and Reimbursement Agreement (Major Improvement Area) as authorized by Section 372.023(d)(1) of the Act (the “**Major Acquisition and Reimbursement Agreement**”);

WHEREAS, pursuant to the terms of this Agreement, the City has agreed to allow financing of certain Authorized Improvements conferring special benefits to the Property via a public improvement district;

WHEREAS, the Owner intends to construct certain Authorized Improvements over time to serve property located in the District (or portions thereof) and cause ownership of those improvements to vest with the City in accordance with the terms and provisions of this Agreement;

WHEREAS, the City intends to construct the Wastewater Facilities with a combination of proceeds from the PID Bonds and other funds provided by the Owner;

WHEREAS, from the proceeds of the PID Bonds, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, acquire those certain Authorized Improvements provided for in this Agreement and the Owner will be paid or repaid or reimbursed for the costs of acquisition, construction and improvement of the Segments that are completed from time to time and operative, subject to the terms and limitations set forth herein;

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement) adopt the Service and Assessment Plan, approve the Assessment Ordinance and levy Assessments on all or a portion of the property located within the District and issue bonds in one or more series for payment of costs associated with construction and/or acquisition of the Authorized Improvements included in the Service and Assessment Plan, as such plan may be amended from time to time; and

WHEREAS, the City has determined that it is in its best interests to build a portion of the Authorized Improvements (e.g. the Wastewater Facilities) and to contract with the Owner for the construction of the balance of the Authorized Improvements, which will result in the efficient and effective implementation of the Service and Assessment Plan.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I. SCOPE OF AGREEMENT

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the construction of Authorized Improvements to be acquired by the City (Article III), funding of Authorized Improvements (Article IV), the issuance of bonds for the financing of the Authorized Improvements (Article V), representation and warranties (Article VI), default and remedies (Article VII), and general provisions (Article VIII).

ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On November 7, 2018, the City authorized the formation of the District by Resolution No. 2018-10 and on October 7, 2020, the City authorized additional land be included within the District pursuant to Resolution No. 2020-11. The District includes all of the Property.

(b) The Property is intended to be developed in phases, with the District being divided, for development planning purposes, into the Major Improvement Area (as more particularly described in Exhibit "B-1" attached hereto), Improvement Area #1 (as more particularly described in Exhibit "B-2" attached hereto) and Improvement Area #2 (as more particularly described in Exhibit "B-2" attached hereto) (the Major Improvement Area, Improvement Area #1, and Improvement Area #2 may each be referred to as an "**Improvement Area**"). The Owner intends to further divide the Major Improvement Area into two or more Improvement Areas as development progresses to the Major Improvement Area. All Authorized Improvements are intended to benefit one or more specific Improvement Areas or the entire District. It is intended that the Assessments for the Major Improvement Area, Improvement Area #1 and Improvement Area #2 will be levied concurrently. Thereafter, it is expected that PID Bonds for both the Major Improvement Area (the "**Major Improvement Area PID Bonds**") and Improvement Area #1 and Improvement Area #2 (the "**IA #1-2 PID Bonds**") will be issued. The Major Improvement Area PID Bonds will finance the Major Improvement Area's proportionate share of Actual Costs attributable to the construction of, acquisition of or reimbursement for the Major Improvements (as more particularly described in Exhibit "C-1" attached hereto). Likewise, the IA #1-2 PID Bonds will finance the Improvement Area #1 and Improvement Area #2's Actual Costs attributable to the construction of, acquisition of or reimbursement for the Improvement Area #1 Improvements (as more particularly described in Exhibit "C-1" attached hereto) and the Improvement Area #2 Improvements (as more particularly described in Exhibit "C-1" attached hereto), respectively; and the IA #1-2 PID Bonds will finance the Improvement Area #1 and Improvement Area #2's proportionate share of Actual Costs attributable to the construction of, acquisition of or reimbursement for the Major Improvements. The proportionate share of Actual Costs of Authorized Improvements will be allocated to each Improvement Area based on the benefit provided by the Authorized Improvements to that Improvement Area (as set forth in the Service and Assessment Plan) so that each Improvement Area's allocated Actual Costs will be funded by the PID Bonds issued for and secured by the Assessments on the particular Improvement Area.

(c) Parity Bonds may be issued to pay for or reimburse Owner for any Actual Costs for Authorized Improvements benefiting an Improvement Area that remain unpaid or unreimbursed after issuance of the initial PID Bonds secured by that Improvement Area.

(d) The Parties hereby acknowledge and agree that any references in this Agreement to the Owner's obligation to construct any Authorized Improvement may be disregarded with respect to the Wastewater Facilities since the City is constructing the Wastewater Facilities.

(e) On the Effective Date, the City Council has also considered and approved the Preliminary Service and Assessment Plan for the Property which is attached hereto as Exhibit "C".

The Owner acknowledges and agrees that the Service and Assessment Plan must meet the requirements of Texas Local Government Code Sections 372.013 and 372.014 and be presented to the City Council for review and approval prior to Assessments being levied and PID Bonds being issued. Subsequent to the City Council's approval of this Agreement, the City intends to approve the Service and Assessment Plan and levy Assessments on all benefited parcels in the District. Thereafter, the Service and Assessment Plan will be updated and amended by the City or its Administrator at least once per year, and submitted for the City Council's review and approval. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Service and Assessment Plan may need to be amended over time if there are any changes to the Authorized Improvements or property within the District, in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Service and Assessment Plan will generally apply to each series of PID Bonds.

(f) Assessments on any portion of the Property will bear a direct proportional relationship to and be less than or equal to the special benefit of the Authorized Improvements accruing to such portion of the Property.

(g) Assessments on any portion of the Property may be adjusted in connection with PID Bond issues or otherwise so long as the Assessments are determined in accordance with the Service and Assessment Plan and the PID Act.

(h) The Property may also be subject to an Owner's Association assessment.

(i) Promptly following submission to the City of the initial or an updated Service and Assessment Plan (or any subsequent amendment or supplement to the Service and Assessment Plan) acceptable in form and substance to the City and to the Owner with respect to the matters therein that require approval by the Owner as provided in this Agreement, the City Council shall consider, if applicable, an Assessment Ordinance relating to the applicable plan or amendment or supplement. If an Assessment Ordinance is adopted, the City shall use reasonable, good faith efforts to expeditiously initiate and approve all necessary documents and orders required to effectuate the Service and Assessment Plan and Assessment Ordinance.

(j) Prior to the issuance of any series of PID Bonds (except for Parity Bonds or any refunding bonds), the Owner shall provide an Appraisal to the City for the City's review and approval covering the portion of the Property that is subject to the Assessments. The City shall select the appraiser, in consultation with the Owner and the Underwriter, and all reasonable fees of the Appraisal shall be paid by the Owner.

Section 2.02. Apportionment and Levy of Assessments

The City will levy Assessments on the Property in accordance with the terms of this Agreement and with the Service and Assessment Plan at such time as an Assessment Ordinance is

approved by the City Council. The City's apportionment and levy of Assessments will be made in accordance with the PID Act.

Section 2.03. Collection of Assessments

(a) Subject to the terms and conditions of this Agreement, the City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Assessments levied pursuant to an Assessment Ordinance in accordance with the Service and Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Assessments due on any portion of the Property until (i) the PID Bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full, defeasance, or otherwise, or (ii) the Owner has been reimbursed for the unreimbursed Actual Costs eligible to be paid from the Assessment Revenues in accordance with the applicable Acquisition and Reimbursement Agreement. The City shall use best efforts to collect the Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.

(b) It is hereby acknowledged that Assessments can be used, to the extent any such Assessments are remaining after payments are made on the PID Bonds, to pay or reimburse Owner for any Actual Costs not paid or reimbursed under Section 4.02, Section 4.03, or Section 4.04 of this Agreement. Any reimbursement obligation to Owner under an Acquisition and Reimbursement Agreement or as provided above will be subordinate to payment of the applicable PID Bonds.

(c) Notwithstanding anything to the contrary contained herein or in the Service and Assessment Plan, once PID Bonds have been issued for an Improvement Area, the Assessment Revenues collected annually from the Property within such Improvement Area will be deposited in the applicable Pledged Revenue Fund and thereafter transferred in the priority as set forth in the applicable Indenture.

(d) Further notwithstanding anything to the contrary contained herein, the City covenants and agrees to use best efforts to contract with the Travis County Tax Assessor for the collection of the Assessments such that the Assessments will be included on the ad valorem tax bill(s) for the Property and will be collected as part of and in the same manner as ad valorem taxes.

Section 2.04. Approval and Recordation of Assessments through Landowner Agreement

Concurrently with the levy of the Assessments for any portion of the Property, the Owner and the Consenting Party shall execute a "**Landowner Agreement**" (herein so called) in which the Landowner shall (i) approve and accept the apportionment of the Assessments in the Service and Assessment Plan and the levy of the Assessments by the City and (ii) approve and accept the terms of the Home Buyer Disclosure Program. The Landowner Agreement further shall (a) evidence the Landowner's intent that the Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Property to the Assessments, including applicable interest thereon, as and when due and payable and (ii) provide that subsequent

purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessments; and (b) provide that the liens created by the levy of the Assessments are a first and prior lien on the Property, subject only to liens for ad valorem taxes of the State, County, City, or school district.

Section 2.05 Assignment of Right to Payment of Unreimbursed Actual Costs.

Owner's right, title and interest to the payments of unreimbursed Actual Costs shall be the sole and exclusive property of Owner (or its Transferee) and no other third party (including but not limited to the Consenting Party) shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of Owner's right, title, or interest under this Agreement to receive payment of its unreimbursed Actual Costs, including either Bond Proceeds or Assessment Revenues (a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"). Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer. A Transferee shall be responsible for all continuing disclosure requirements and obligations as agreed to by the Owner and the City in the Disclosure Agreement of Owner.

Section 2.06. Obligations Secured by Pledged Revenues

THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY ASSESSMENT REVENUES (AS PROVIDED IN THE INDENTURE) AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES.

Section 2.07 PID True-Up

(a) If the subdivision of any Assessed Property by a recorded subdivision plat causes the Assessment per Lot included with that subdivision plat to exceed the Maximum Assessment, then prior to the City approving the plat, the Owner must partially prepay the Assessment for each Lot included with that subdivision plat that exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

(b) At the time PID Bonds are issued, if the Assessment per Lot for any Lot classification identified in the Service and Assessment Plan exceeds the Maximum Assessment, then prior to the issuance of PID Bonds the Assessment on the applicable parcel shall be reduced until the Assessment equals the Maximum Assessment.

(c) Notwithstanding anything seemingly to the contrary herein, in the event of any conflict between this Agreement and the Service and Assessment Plan with respect to the calculation of the Maximum Assessment, the Service and Assessment Plan shall control.

ARTICLE III. CONSTRUCTION AND ACQUISITION

Section 3.01. Acquisition of Authorized Improvements

The Owner will dedicate the Authorized Improvements to the City upon completion of the Authorized Improvements, and the City will accept dedication of such Authorized Improvements after confirming that the Authorized Improvements (or such Segment thereof) have been completed in accordance with this Agreement and the Regulatory Requirements.

Section 3.02. Designation of Construction Manager, Construction Engineers

(a) Except for the Wastewater Facilities which will be constructed by the City, the City hereby designates the Owner, or its assignees, as the Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Authorized Improvements in accordance with the provisions of this Article III and in accordance with any requirements of the City and, as applicable, City approved plans.

(b) Except as otherwise provided herein, inspection of the construction of any Authorized Improvement being conveyed to the City will be by the City Construction Representative or its designee. Any City inspection of an Authorized Improvement being conveyed to the City will be in accordance with any requirements of the City.

(c) The Owner shall be entitled to a separate Construction Management Fee for the construction of each Segment, unless Owner contracts with a third party to act as the Construction Manager with respect to construction of the Authorized Improvements. The Construction Management Fee is part of Actual Costs and will be paid as part of the Actual Costs.

(d) The City shall cooperate with the Owner in connection with its services as Construction Manager.

(e) The Owner shall designate the consulting engineers for the Authorized Improvements (save and except for the Wastewater Facilities) for the compensation specified by the Owner.

Section 3.03. Designation of Construction Manager Subcontractor

The City acknowledges and agrees that Owner may subcontract out all or some of the duties of Construction Manager to a third party. Owner may designate an individual, company, or

partnership or other entity as a subcontractor for construction management services for one or more Authorized Improvements or distinct Segments thereof; provided, however, that such designee has the technical capacity, experience, and expertise to perform such construction management duties or obligations.

Section 3.04. Maintenance of Project, Warranties

Unless otherwise provided for, the Owner (or the Owner's Association, as applicable) shall maintain each Authorized Improvement (or Segment thereof) in good and safe condition until such Authorized Improvement (or Segment thereof) is accepted by the City. The City's acceptance of Authorized Improvements shall be in accordance with the City's standard rules and procedures for the type of improvements being constructed. Prior to such acceptance, the Owner shall be responsible for performing any required maintenance on such Authorized Improvement. On or before the acceptance by the City of an Authorized Improvement (or Segment thereof), the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations, or other evidences of contingent obligations of third persons with respect to such Authorized Improvement (or Segment thereof).

Section 3.05. Sales and Use Tax Exemptions

(a) The parties agree that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Authorized Improvements to be acquired by the City are exempt under the Texas Tax Code from sales and use taxes levied by the State of Texas, or by any county, city, special district, or other political subdivision of the State, as set forth in Texas Tax Code Section 151.309.

(b) The City will provide such certifications to the Owner and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The City and the Owner shall cooperate in structuring the construction contracts for the Authorized Improvements to comply with requirements (including those set forth in Texas Tax Code Section 151.309) for exemption from sales and use taxes.

Section 3.06. Exemption from Public Bidding

It is agreed that the construction of Authorized Improvements will be exempt from any public bidding or other purchasing and procurement policies pursuant to Texas Local Government Code Section 252.022(a)(9), which states that a project is exempt from such policies if "paving drainage, street widening, and other Authorized Improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."

Section 3.07. Completion Agreement

The Owner has executed a Completion Agreement (herein so called), a copy of which is attached hereto as Exhibit "H" prior to execution of this Agreement. The Completion Agreement, together with the payment and performance bonds being provided by the Owner pursuant to the terms of the Development Agreement, shall provide the City with adequate assurances that the

improvements described in the Completion Agreement will be completed by the Owner. Execution of the Completion Agreement alleviates any requirement for the Owner to provide a cash deposit to secure the completion of construction of any improvements within the Project.

ARTICLE IV. PAYMENT FOR AUTHORIZED IMPROVEMENTS

Section 4.01. Overall Requirements

(a) The City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement and the Development Agreement, pay or reimburse, as applicable, the Owner for the Actual Costs of the Authorized Improvements as provided further herein.

(b) Any payment obligation of the City hereunder shall be payable solely from Assessment Revenues or, if PID Bonds are issued, the proceeds of such PID Bonds. Unless approved by the City, no other funds, revenues, taxes, or income of any kind other than Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds shall be used to pay the City's obligations hereunder. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than Assessments Revenues or, if PID Bonds are issued, the proceeds of such bonds.

(c) The Parties anticipate that the Actual Costs to construct the Authorized Improvements will be greater than the Assessment Revenues or, if PID Bonds are issued, the net proceeds of such bonds available for Authorized Improvements. The Owner shall bear one hundred percent (100%) of the Actual Costs of constructing the Authorized Improvements not paid from the proceeds of the PID Bonds or Assessment Revenues.

(d) Upon completion of an Authorized Improvement (or Segment thereof), the Owner shall convey, and the City shall acquire, as more particularly described in Section 3.01, the given Authorized Improvement for the Actual Costs, after such Authorized Improvement (or Segment thereof) is completed and has been accepted by the City.

(e) Upon acceptance of an Authorized Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Authorized Improvements.

Section 4.02. Payments for Authorized Improvements Prior the Issuance of PID Bonds

(a) Upon the approval of an Assessment Ordinance and prior to the issuance of PID Bonds, the City shall bill, collect, and immediately deposit the Assessment Revenues collected from the Assessed Property into the applicable Improvement Area Operating Account (excluding Annual Collection Costs and Delinquent Collection Costs). Funds in the Operating Accounts shall only be used to pay Actual Costs of the Authorized Improvements in accordance with this Agreement. Once PID Bonds are issued, the applicable Indenture shall control in the event of any conflicts with this Agreement.

(b) The general process to receive funds from the Pledged Revenue Fund to pay the

Actual Costs of the Authorized Improvements is as follows:

(1) the Owner shall deliver to the City Construction Representative and the City Engineer the following:

(A) a Certification for Payment substantially in the form attached hereto as Exhibit "D" executed by the Construction Manager and the Project Engineer evidencing the Actual Costs;

(B) evidence of the acceptance by the City of those Authorized Improvements to be funded by the PID Bond in question and the conveyance to the City of those Authorized Improvements to be funded by the PID Bonds as described in Section 2.03 above (for Completed Authorized Improvements only);

(C) waivers of liens for the work on the applicable Authorized Improvements through the previous Certification for Payment, receipts for payment and verification in form acceptable that any subcontractors have been paid;

(D) two-year maintenance bond; and

(E) an assignment of the warranties and guaranties in form reasonably acceptable to the City.

(2) After the Certification for Payment is submitted to the City Construction Representative, the City shall conduct a review to confirm those Authorized Improvements to be funded by the Assessment Revenues on deposit in the applicable Operating Account were constructed in accordance with the plans therefor (for Completed Authorized Improvements only) and to verify the Actual Costs of Authorized Improvements specified in such Certification for Payment. The City agrees to conduct such review in an expeditious manner after the Certification for Payment is submitted to the City Construction Representative and the Owner agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Upon confirmation by the City that Authorized Improvements to be funded by the Assessment Revenues on deposit in the applicable Operating Account have been constructed in accordance with the plans therefor and this Agreement (for Completed Authorized Improvements only), verification and approval of the Actual Costs of those Authorized Improvements, the City shall within thirty (30) calendar days thereafter accept those Authorized Improvements not previously accepted by the City and the City Construction Representative shall sign the Certification for Payment and forward the same to the City Manager. The City Manager shall then have up to ten (10) business days to reimburse the Owner. Notwithstanding anything to the contrary stated herein, Owner shall not be required to complete construction of a particular Authorized Improvement in order to be reimbursed via a "progress payment" pursuant to this Section 4.02.

(c) The Owner shall be entitled to receive any unpaid amounts under a Certification for Payment approved under subsection (b) above (the "**Reimbursement Obligation Balance**"), plus simple interest on the Reimbursement Obligation Balance at the rate provided for in the applicable Acquisition and Reimbursement Agreement; provided, however, that the interest rate under this subsection (c) shall not exceed the maximum amount permissible under the PID Act. If any Actual Costs of the Authorized Improvements remain unreimbursed after the issuance of the PID Bonds, it is intended that Owner may request such Actual Costs to be reimbursed by a

subsequent issuance of Parity Bonds.

Section 4.03. Payments for Authorized Improvements Upon the Issuance of PID Bonds

(a) Upon receipt of a Bond Issuance Request, the City will consider the issuance of the PID Bonds, subject to meeting the requirements and conditions stated in the Development Agreement, Section 5.01 hereof, and State law, to reimburse the Owner for Actual Costs of those Authorized Improvements that are complete at the time of bond issue and to be completed by progress payments. The City will use diligent, reasonable and good faith efforts, subject to meeting the requirements and conditions stated herein and State law, to issue PID Bonds within four (4) to six (6) months after receiving a Bond Issuance Request from Owner.

(b) Once PID Bonds are issued pursuant to Article V hereof, the City shall bill, collect, and deposit into the Pledged Revenue Fund all Assessment Revenues constituting “pledged revenues” as defined in the Indenture. The City shall also deposit the proceeds of the PID Bonds and any other funds authorized by the applicable Indenture into the Project Fund. Funds in the Project Fund shall only be used to pay Actual Costs of the Authorized Improvements in accordance with the Indenture. When PID Bonds are issued, the proceeds of the PID Bonds shall be used to pay or reimburse the Owner for Actual Costs incurred in constructing the Authorized Improvements that are or will be dedicated and transferred to and accepted by the City. The Owner is responsible for Actual Costs of Authorized Improvements not paid from proceeds of the PID Bonds from the Pledged Revenue Fund, and any cost overruns (after applying cost savings). The lack of proceeds of the PID Bonds or the availability of other funds in the Pledged Revenue Fund or the Project Fund shall not diminish the obligation of the Owner to pay the Actual Costs of the Authorized Improvements.

(c) At least thirty (30) calendar days prior to the time of the closing of the PID Bonds, Owner may submit a Closing Disbursement Request (including any supporting documentation requested by the City) substantially in the form attached hereto in Exhibit “E” executed by the Construction Manager and the Project Engineer to the City Construction Representative to be reimbursed for those Owner Expended Funds accrued to date of such Closing Disbursement Request and not previously reimbursed. The City shall conduct a review to verify the Owner Expended Funds specified in such Closing Disbursement Request. Prior to disbursement of proceeds, City Construction Representative will sign the Closing Disbursement Request and deliver said Closing Disbursement Request to the Trustee. At the closing of the PID Bonds, Owner shall be reimbursed an amount equal to the applicable Owner Expended Funds.

(d) Any Authorized Improvements that have not been completed by Owner by the time the PID Bonds are issued, will be payable periodically as construction progresses. The procedures for such progress payments are contained in this Section 4.03 and the Indenture. Such payments shall be made by Trustee no more frequently than monthly and within five (5) business days of the Trustee’s receipt of the completed Certification for Payment from the City Construction Representative. If the City disapproves any Certification for Payment, the City shall provide a written explanation of the reasons for such disapproval so that if the Certification for Payment is revised in accordance with City’s comments, the Certification for Payment can be approved. Notwithstanding anything to the contrary contained herein, if the Quarterly Accounting provided by the Construction Manager for a particular Authorized Improvement shows there are not enough

funds in the segregated account to fund the remaining design and construction Actual Costs of that Authorized Improvement after taking into consideration any contingencies, the City Construction Representative shall not be obligated to authorize payments of a Certification for Payment until such time as Owner provides evidence satisfactory to the City Construction Representative that Owner has or will provide funds in an amount sufficient to fully fund the remaining design and construction Actual Costs of that Authorized Improvement. Furthermore, notwithstanding anything contained herein to the contrary, in the event a subcontractor supplying labor or materials for the Authorized Improvements claims that the subcontractor has not been paid for such labor or materials, the City Construction Representative shall not be obligated to authorize payment of a Certification for Payment until such claim is resolved.

(h) The general process for funding of Authorized Improvements from funds on deposit in the Project Fund is as follows:

(1) the Owner shall deliver to the City Construction Representative and the City Engineer the following:

(i) a Certification for Payment substantially in the form attached hereto as Exhibit "E" executed by the Construction Manager and the Project Engineer evidencing the Actual Costs,

(ii) evidence of the acceptance by the City of those Authorized Improvements to be funded by the PID Bond in question and the conveyance to the City (for Completed Authorized Improvements only), and

(iii) waivers of liens for the work on the applicable Authorized Improvements through the previous Certification for Payment, receipts for payment and verification in form acceptable that any subcontractors have been paid.

(2) After the Certification for Payment is submitted to the City Construction Representative, the City shall conduct a review to confirm those Authorized Improvements to be funded by proceeds of the PID Bonds were constructed in accordance with the plans therefor (for Completed Authorized Improvements only) and to verify the Actual Costs of Authorized Improvements specified in such Certification for Payment. The City agrees to conduct such review in an expeditious manner after the Certification for Payment is submitted to the City and the Owner agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Upon confirmation by the City that Authorized Improvements to be funded by the PID Bonds have been constructed in accordance with the plans therefor and this Agreement (for Completed Authorized Improvements only), verification and approval of the Actual Costs of those Authorized Improvements, the City shall within thirty (30) calendar days thereafter accept those Authorized Improvements not previously accepted by the City and the City Construction Representative shall sign the Certification for Payment and forward the same to the City Manager. The City Manager shall then have up to ten (10) business days to forward the executed Certification for Payment to the Trustee for payment.

(i) In addition to the submitted items required in 4.03(e) above, in order to obtain the final progress payment for an Authorized Improvement funded by the PID Bonds pursuant to this Section 4.03, the Owner shall have provided to the City an assignment of the warranties and

guaranties, if applicable, and a two-year maintenance bond for such Authorized Improvement.

Section 4.04. Parity Bonds

(a) Any Actual Costs for Authorized Improvements for a given Improvement Area not paid or reimbursed from the proceeds of the initial series of PID Bonds for that Improvement Area or the proceeds from an Acquisition and Reimbursement Agreement may be paid or reimbursed from the proceeds of Parity Bonds for that Improvement Area. It is contemplated that Parity Bonds may be issued after issuance of the initial series of PID Bonds for an Improvement Area.

(b) The purpose of a Parity Bond issuance for an Improvement Area would be to fund (i) Authorized Improvements benefitting such Improvement Area that were not completed at the time the initial PID Bonds secured by that Improvement Area were issued; or (ii) the Actual Costs of Authorized Improvements that were completed at the time the initial PID Bonds secured by Assessments levied on such Improvement Area but that were not fully reimbursed by said initial PID Bonds or any applicable Acquisition and Reimbursement Agreement.

(c) There may be more than one series of Parity Bonds secured by Assessments levied on a specific Improvement Area. If the Parity Bonds secured by Assessments levied on a specific Improvement Area are sufficient to fully reimburse Owner for the unreimbursed Actual Costs for that Improvement Area, then Owner's right to receive any portion of the Assessments for such purposes shall automatically terminate. However, if the net proceeds of Parity Bonds are not sufficient to reimburse Owner for the unreimbursed Actual Costs eligible to be paid from Assessments for a given Improvement Area, or if the amount to be funded by such Parity Bonds is insufficient to justify issuance in the City's reasonable discretion, then Owner shall continue to receive the Assessments for that Improvement Area to the extent, and only to the extent, those funds remain available therefor after debt service is paid on the applicable PID Bonds until the date the Owner is fully repaid for the unreimbursed Actual Costs eligible to be paid from Assessments.

Section 4.05. Payment Pursuant to Acquisition and Reimbursement Agreement

(a) The City and Owner have previously entered into the Acquisition and Reimbursement Agreement(s), which will provide that any Assessment Revenues attributable to an Improvement Area remaining after payment of debt service on the PID Bonds will be used to reimburse the Owner for any Actual Costs attributable to the Authorized Improvements not paid pursuant to Section 4.02, Section 4.03 or Section 4.04 of this Agreement.

(b) Pursuant to the terms of the applicable Acquisition and Reimbursement Agreement, Owner shall convey, and the City shall acquire, the given Authorized Improvement or Segment thereof for the Actual Cost, after such Authorized Improvement is completed and has been accepted by the City.

Section 4.06 City Cooperation/Wastewater Facilities

The City shall cooperate with Owner and provide any and all documentation reasonably requested by Owner or the Administrator in a timely manner evidencing (i) the Actual Costs of the

Wastewater Facilities in order for Owner to include such information in payment requests (including Certification for Payments) and thereafter receive payments from the proceeds of the PID Bonds for the applicable Wastewater Facilities actually constructed by the City, and/or (ii) the timing and/or progress of the design and construction of the Wastewater Facilities in order for Owner to include such information in payment requests and/or the Owner Continuing Disclosure Agreement.

ARTICLE V. PID BONDS

Section 5.01. Issuance of PID Bonds

(a) Subject to the terms and conditions set forth in this Section V, the City intends to pay for the Authorized Improvements by issuing PID Bonds in one or more series. The City agrees to use diligent, reasonable and good faith efforts, subject to meeting the requirements and conditions stated herein and State law, to issue, within four to six months after receiving from Owner a Bond Issuance Request, the applicable PID Bonds, provided that Owner can reasonably demonstrate to the City and its financial advisors (i) that there is sufficient security for such PID Bonds, based upon the bond market conditions existing at the time of such proposed sale, (ii) that the Owner is current on all taxes, assessments, fees and obligations to the City, and (iii) by delivery to the City a certification or other evidence from an independent appraiser acceptable to the City confirming that the special benefits conferred on the properties being assessed for the Authorized Improvements increase the value of the property by an amount at least equal to the amount assessed against such property.

(b) The aggregate principal amount of PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Authorized Improvements, (ii) required reserves and capitalized interest of not more than 12 months after the completion of construction of the applicable Authorized Improvements funded by the PID Bond issue in question and in no event for a period greater than 12 months from the date of the initial delivery of the applicable PID Bonds and (iii) Bond Issuance Costs. Provided, however, that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances.

(c) The final maturity for each series of PID Bonds shall occur no later than 30 years from the issuance of said PID Bonds.

(d) The maximum annual PID installment equivalent tax rate, calculated as of the date of the pricing of PID Bonds, shall be \$0.33 per \$100 of estimated buildout value. Assessments on any given portion of the Property may be adjusted in connection with subsequent PID Bond issues, as long as the maximum annual PID annual installment equivalent tax rate, as described in the foregoing sentence, is not exceeded, and the Assessments are determined in accordance with the Service and Assessment Plan. Assessments on any portion of the Property shall bear a direct proportionate relationship to the special benefit of the Authorized Improvements to that portion of the Property. Notwithstanding anything seemingly to the contrary herein, in the event of any conflict between this Agreement and the Service and Assessment Plan with respect to the calculation of the Maximum Assessment, the Service and Assessment Plan shall control.

(e) The minimum appraised value to lien ratio at the issuance date of each series of PID Bonds shall be 3 to 1.

(f) In addition to any other requirements of this Agreement, including but not limited to City Council approval, PID Bonds are not required to be issued under this Article V unless (i) the statutory requirements set forth in Chapter 372 of the Texas Local Government Code have been satisfied; (ii) the City receives at the time of issuance of such PID Bonds an opinion of counsel selected by the City stating in effect that the PID Bonds are legal and valid obligations under State law and that all preconditions to their issuance under State law have been satisfied; and (iii) the Attorney General has issued an opinion approving issuance of the bonds as required by the PID Act.

(g) The City will deliver a certificate relating to any PID Bonds authorized by the City Council (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the “**Tax Certificate**”) containing covenants and agreements designed to satisfy the requirements of Sections 103 and 141 through 150, inclusive, of the Tax Code and the income tax regulations issued thereunder relating to the use of the proceeds of the PID Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of Section 148 of the Tax Code (collectively, “**Bond Proceeds**”).

(h) If the Owner is requesting Parity Bonds, the Owner must demonstrate that any applicable additional bonds test can be satisfied.

(i) The foregoing requirements apply to each series of PID Bonds issued.

Section 5.02. Project Fund

The City hereby covenants and agrees that when PID Bonds are issued, the Indenture will establish a Project Fund as a separate fund to be held by the Trustee under the Indenture. The portion of the proceeds of the PID Bonds issued to pay Actual Costs of Authorized Improvements and Bond Issuance Costs shall be deposited upon issuance into separate accounts within the Project Fund.

Section 5.03. Denomination, Maturity, Interest, and Security for Bonds

(a) Each series of PID Bonds is subject to authorization by the City Council. If authorized, the PID Bonds shall be issued in the denominations, shall mature and be prepaid, shall bear interest, and shall be secured by and payable solely from the PID Bond Security, all to be as described and provided in the PID Bond Ordinance or Indenture, as applicable.

(b) The final and adopted versions of each PID Bond Ordinance and Indenture (and all documents incorporated or approved therein) shall contain provisions relating to the withdrawal, application, and uses of the proceeds of the PID Bonds when and as issued and delivered and otherwise contain such terms and provisions as are mutually approved by the City and the Owner.

Section 5.04. Sale of PID Bonds

The PID Bonds, when issued by the City, shall be marketed and sold through a negotiated, competitive, or privately placed sale to an approved third party or parties with the cooperation and assistance of the Owner in all respects with respect to the preparation of marketing documents, such as preliminary and final official statements or in such other marketing and/or sales method mutually agreed upon by the City and the Owner.

Section 5.05. Phased Issuance of Debt

As previously stated, the proposed bond issuance program is anticipated to entail a minimum of one bond financing that will finance the Authorized Improvements required for the development of the Project. Following the issuance of the initial PID Bonds, Parity Bonds may be issued over the upcoming years as the value of the Property increases or additional Authorized Improvements are completed.

Section 5.06 Special Obligations

THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES. NONE OF THE CITY OR ANY OF ITS ELECTED OR APPOINTED OFFICIALS OR ANY OF ITS OFFICERS, EMPLOYEES, CONSULTANTS OR REPRESENTATIVES SHALL INCUR ANY LIABILITY HEREUNDER TO THE OWNER OR ANY OTHER PARTY IN THEIR INDIVIDUAL CAPACITIES BY REASON OF THIS AGREEMENT OR THEIR ACTS OR OMISSIONS UNDER THIS AGREEMENT.

ARTICLE VI. REPRESENTATIONS, WARRANTIES, AND INDEMNIFICATION

Section 6.01. Representations and Warranties of City

The City makes the following covenant, representation and warranty for the benefit of the Owner:

The City is a political subdivision of the State of Texas, duly incorporated, organized and existing under the Constitution and general laws of the State, and has full legal right, power and authority under the PID Act and other applicable law (i) to enter into, execute and deliver this

Agreement, (ii) to adopt the Assessment Ordinance, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

Section 6.02. Covenants, Representation, and Warranties of Owner

The Owner makes the following representations, warranties and covenants for the benefit of the City:

(a) Owner represents and warrants that it is a Delaware corporation, that it is in compliance with the laws of the State of Delaware, is qualified to do business in the State of Texas, and that it has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) The Owner represents and warrants that the Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Owner.

(c) The Owner represents and warrants that this Agreement is valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) The Owner covenants that once it commences construction of a Segment it will use its reasonable and diligent efforts to do all things which may be lawfully required of it in order to cause such Segment of the Authorized Improvements to be completed in accordance with this Agreement.

(e) The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any Authorized Improvements that are not part of the Project, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to Payment Requests.

(f) For a period of two (2) years after the final Acceptance Date of each applicable Authorized Improvement, the Owner covenants to maintain proper books of record and account for the Authorized Improvements and all costs related thereto. The Owner covenants that such accounting books will be maintained in accordance with sound accounting practices, and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours' notice.

(g) The Owner agrees to provide the information required pursuant to the Owner Continuing Disclosure Agreement executed by the Owner in connection with the PID Bonds.

(h) The Owner covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Owner further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Owner providing such facts and estimates, true, correct and complete as of that date, and (ii) the Owner will make reasonable inquiries to ensure such truth, correctness and

completeness. The Owner covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

Section 6.03. Intentionally Deleted.

Section 6.04 Indemnification and Hold Harmless by Owner

THE OWNER WILL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, AND ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES, AND AGENTS (IN THIS SECTION, THE “CITY”) AGAINST AND FROM, AND WILL PAY TO THE CITY, THE AMOUNT OF, ALL ACTIONS, DAMAGES, CLAIMS, LOSSES, OR EXPENSE OF ANY TYPE, WHETHER OR NOT INVOLVING A THIRD-PARTY CLAIM (COLLECTIVELY, “DAMAGES”), ARISING DIRECTLY OR INDIRECTLY, FROM (i) THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE OWNER; (ii) THE NEGLIGENT DESIGN, ENGINEERING, OR CONSTRUCTION BY THE OWNER OF ANY AUTHORIZED IMPROVEMENT ACQUIRED BY THE CITY; OR (iii) THE OWNER’S NONPAYMENT UNDER CONTRACTS WITH THE OWNER FOR ANY AUTHORIZED IMPROVEMENT UNDER THIS AGREEMENT. THE OWNER WILL DEFEND THE CITY AGAINST ALL SUCH CLAIMS AND THE CITY WILL REASONABLY COOPERATE AND ASSIST IN PROVIDING SUCH DEFENSE. THIS SECTION SURVIVES THE TERMINATION OF THIS AGREEMENT INDEFINITELY, SUBJECT TO APPROPRIATE STATUTES OF LIMITATIONS, AS THEY MAY BE TOLLED OR EXTENDED BY AGREEMENT OR OPERATION OF LAW.

ARTICLE VII. DEFAULT AND REMEDIES

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within 30 days of the receipt of such notice (or 5 days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subparagraph (c) in this Article VII. Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article VII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-

exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Authorized Improvements (or take any other action related to or in furtherance of same) while the City is in default under this Agreement.

(c) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, widespread pestilence, fire or other casualty, shortage of materials, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or tornadoes, labor action, strikes, changes in the law affecting the obligations of the Parties hereunder, or similar acts), the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event not later than seven (7) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a “**Force Majeure**” event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article.

ARTICLE VIII. GENERAL PROVISIONS

Section 8.01. Notices

Any notice, communication, or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as any be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent, and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

If to City:	City of Manor Attn: City Manager 105 East Eggleston Street Manor, Texas 78653
With a copy to:	The Knight Law Firm, LLP Attn: Paige Saenz/Veronica Rivera 223 West Anderson Lane, Suite A-105 Austin, Texas 78752
If to Owner:	Forestar (USA) Real Estate Group, Inc.

Attn: John Maberry
10700 Pecan Park Blvd., Suite 150
Austin, Texas 78750

With a copy to:

Metcalfe Wolff Stuart & Williams, LLP
Attn: Talley Williams
221 W. 6th, Suite 1300
Austin, Texas 78701

Section 8.02. Fee Arrangement /Administration of District

(a) The Owner agrees that it will pay all of the City's reasonable costs and expenses (including the City's third party advisors and consultants) related to the creation and administration of the District, as well as costs and expenses relating to the development and review of the Service and Assessment Plan (including legal fees and financial advisory fees) ("**City PID Costs**"). Prior to closing of the applicable PID Bonds, the City shall (i) submit to the Owner and the Trustee invoices and other supporting documentation evidencing the City PID Costs and (ii) direct the Trustee to pay these fees, as applicable, to the City or on behalf of the City from proceeds of the applicable PID Bonds. In addition to any City PID Costs pursuant to the preceding sentences, all fees of legal counsel related to the issuance of the applicable PID Bonds, including fees for the review of the District creation and District administration documentation, the preparation of customary bond documents and the obtaining of Attorney General approval for the applicable PID Bonds incurred by the Owner or otherwise, will be paid at closing from proceeds of the applicable PID Bonds.

Notwithstanding the foregoing, Owner and the City have entered into that certain Developer Deposit Agreement dated October 17, 2018 (as amended, the "**Deposit Agreement**") where Owner agreed to pay the City PID Costs. All City PID Costs paid by the Owner pursuant to the Deposit Agreement prior to the closing of the applicable PID Bonds shall be included in invoices paid at closing from proceeds of the PID Bonds.

(b) The Owner shall be solely responsible for the costs associated with the issuance of any Parity Bonds. The terms of subparagraph (a) above shall apply to the Owner in the event that any Parity Bonds are issued.

(c) The City has entered into a separate agreement with the Administrator to administer the District after closing. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts set forth in the Service and Assessment Plan.

Section 8.03. Assignment

(a) Owner may, in its sole and absolute discretion, transfer or assign its rights or obligations under this Agreement with respect to all or part of the Project from time to time to an Affiliate without the consent of the City. Prior to the issuance of the initial PID Bonds, however, Owner shall not transfer or assign its rights or obligations under this Agreement with respect to all or part of the Project to a non-affiliated entity without the prior consent of the City, not to be unreasonably withheld conditioned or delayed. After the issuance of the initial PID Bonds, the

Owner may transfer or assign its rights or obligations under this Agreement to any party without the City's consent. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all future obligations under this Agreement and shall have no liability for such obligations with respect to this Agreement for the part of the Project so assigned.

(b) The City hereby acknowledges and agrees that Owner shall have the right to make a collateral assignment of any reimbursements and/or proceeds under this Agreement to any lender on the Project and the City shall execute any documentation reasonably requested by such lender evidencing such fact.

(c) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(d) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.

Section 8.04. Construction of Certain Terms

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(a) Words importing a gender include either gender.

(b) Words importing the singular include the plural and vice versa.

(c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.

(d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.

(e) A reference to any Party includes, with respect to Owner, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.

(f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.

(g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.

(h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."

(i) Unless the context otherwise requires, a reference to the "Property," the "Authorized Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

Section 8.05. Table of Contents; Titles and Headings

The titles of the articles and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 8.06. Amendments

This Agreement may be amended, modified, revised or changed by written instrument executed by the Parties and approved by the City Council.

Section 8.07. Time

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 8.08. Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 8.09. Entire Agreement

This Agreement contains the entire agreement of the Parties.

Section 8.10. Severability; Waiver

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 8.11. Owner as Independent Contractor

In performing under this Agreement, it is mutually understood that the Owner is acting as an independent contractor, and not an agent of the City.

Section 8.12. Supplemental Agreements

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are/or will be included in the Service and Assessment Plan, the Assessment Ordinance, PID Bond Ordinance and/or Indenture. The Owner will provide any continuing disclosures required under the Indenture and will execute a separate agreement outlining Owner's continuing disclosure obligations, if required.

Section 8.13. City's Acceptance of Authorized Improvements

The City hereby agrees that it will not unreasonably withhold the final acceptance of any of the Authorized Improvements and will work with the Owner in good faith to expedite review and acceptance of such Authorized Improvements.

Section 8.14. Boycotts and Foreign Business Engagements

(a) The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(b) The Owner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Owner and any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

Section 8.15. Exhibits

The following exhibits are attached to and incorporated into this Agreement for all purposes:

- Exhibit A - Definitions
- Exhibit B - Property Description
- Exhibit B-1 - Major Improvement Area Description
- Exhibit B-2 - Improvement Area #1 Description and Improvement Area #2 Description
- Exhibit C - Preliminary Service and Assessment Plan
- Exhibit C-1 - Authorized Improvements
- Exhibit D - Forms of Certification for Payment
- Exhibit E - Closing Disbursement Request
- Exhibit F - Intentionally Deleted
- Exhibit G - Home Buyer Disclosure Program
- Exhibit G-1 - Notice of Obligation to Pay
- Exhibit H - Completion Agreement

[Signature Pages Follow]

CITY:

CITY OF MANOR, TEXAS

By: _____
Name: _____
Title: _____

OWNER:

**FORESTAR (USA) REAL ESTATE GROUP,
INC., a Delaware corporation**

By: _____

Name: _____

Title: _____

It is hereby acknowledged that the undersigned Consenting Party is executing this Agreement solely due to the fact that it is an owner of a portion of the Property and, except for the obligations expressly set forth under the Landowner Agreement, the undersigned Consenting Party has no rights, duties or obligations under this Agreement.

CONSENTING PARTY:

RHOF, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

It is hereby acknowledged that the undersigned Consenting Party is executing this Agreement solely due to the fact that it is an owner of a portion of the Property and, except for the obligations expressly set forth under the Landowner Agreement, the undersigned Consenting Party has no rights, duties or obligations under this Agreement.

CONSENTING PARTY:

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT "A"
DEFINITIONS

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

"Acceptance Date" means, with respect to an Authorized Improvement or Segment, the date that the Actual Cost thereof is paid to the Owner pursuant to the terms hereof.

"Acquisition and Reimbursement Agreement" means collectively, the IA Acquisition and Reimbursement Agreement and the Major Acquisition and Reimbursement Agreement.

"Actual Cost(s)" means, with respect to the Authorized Improvements, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvements as set forth in the Service and Assessment Plan (subject to cost overruns). Actual Costs may include (a) the costs incurred by or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements, (b) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvements, (c) Construction Management Fee, (d) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, (e) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and all payments for Annual Collection Costs after the date of a resolution authorizing such reimbursement, plus Interest, if any, at the lower of (x) the maximum interest rate permitted by the PID Act or (y) the interest rate of the Bonds calculated from the respective dates of the expenditures until the date of reimbursement therefore. **"Actual Cost(s)"** with respect to the Wastewater Facilities constructed by the City means Owner's share of the cost thereof, to the extent and at the time required to be paid by the Owner to the City.

"Administrator" has shall mean P3Works, LLC, or any subsequent person or entity designated by the City.

"Affiliate" means an entity which is controlled by, controls, or is under common control with Owner.

"Agreement" has the meaning given in the recitals to this Agreement.

"Annual Collection Costs" means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal

counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment roll, (iii) computing, levying, collecting and transmitting the Assessments or the installments thereof, (iv) maintaining the record of installments, payments and reallocations and/or cancellations of the Assessments, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing the Assessments, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel), and (ix) administering the construction of the Authorized Improvements, in accordance with the terms of this Agreement.

“Annual Installment” shall have the meaning given in the Service and Assessment Plan.

“Appraisal” means each appraisal of the Property (or applicable component thereof, as required by Section 2.01(h) hereof.

“Assessed Property” shall have the meaning given in the Service and Assessment Plan.

“Assessment(s)” means the assessments levied against properties in the District, as provided for in an Assessment Ordinance, including any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

“Assessment Ordinance” means each ordinance, resolution or order adopted by the City Council levying the Assessments on the Property, as required by Article II of this Agreement.

“Assessment Revenues” means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an assessed parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs (as defined in the Indenture), and (iv) Foreclosure Proceeds (as defined in the Indenture).

“Attorney General” means the Texas Attorney General's Office.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, as further described in the Service and Assessment Plan. The Authorized Improvements contemplated for this Project are listed on Exhibit “C-1” attached hereto.

“Bond Counsel” means Bickerstaff Heath Delgado Acosta LLP.

“Bond Issuance Costs” means costs relating to the authorization, sale and issuance of the PID Bonds including, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Trustee, including its first annual administration fee, expenses incurred by the City or Owners in connection with the issuance of the PID Bonds (provided such expenses are defined as “issuance costs” under the Tax Code), the SAP Consultant's fees, bond (underwriter's) discount or underwriting fee, legal fees and charges, including Bond Counsel, charges for execution, transportation and safekeeping of the PID Bonds and other costs, charges and fees in connection with the issuance of the PID Bonds.

“Bond Issuance Request” means written request made by Owner to the City in good faith as evidenced by Owner’s expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

“Bond Proceeds” shall have the meaning given to them in Section 5.01(i) hereof.

“Certification for Payment” means the certificate (whether one or more) in substantially the same form as Exhibit “D” attached hereto.

“City” means the City of Manor, Texas.

“City Construction Representative” means the City Engineer or such other person selected by the City to oversee the construction of the Authorized Improvements on behalf of the City.

“City Council” means the City Council of the City of Manor, Texas.

“City Manager” means the City Manager of the City of Manor, Texas.

“City PID Costs” shall have the meaning given in Section 8.02(a) of this Agreement.

“Closing Disbursement Request” means the request (whether one or more) in substantially the same form as Exhibit “E” attached hereto.

“Completed Authorized Improvements” means any Authorized Improvement that has been 100% completed, dedicated and conveyed by the Owner and accepted by the City.

“Completion Agreement” shall have the meaning given in Section 3.07 of this Agreement.

“Consenting Party” shall collectively mean RHOF and Horton.

“Construction Manager” means initially the Owner, and thereafter subject to change in accordance with Article III of this Agreement. The City acknowledges and agrees that (i) the Owner intends to subcontract out the duties of Construction Manager to a third party and (ii) Owner’s hiring of the initial subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Article III of this Agreement.

“Construction Management Fee” means 4% of the costs incurred by or on behalf of Owner for the construction of each Segment. The Construction Management Fee is part of the Actual Costs.

“County” means Travis County, Texas.

“Debt” means any bond, note, or other evidence of indebtedness incurred, entered into, or issued by the City related exclusively to the District.

“Delinquent Collection Costs” means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment, or an Annual Installment thereof, in accordance with the PID Act which includes the Actual Costs related to pursuing collection of such delinquent Assessment, or an Annual Installment thereof, and the Actual Costs related to foreclosing the lien against the Assessed Property, including attorney’s fees to the extent permitted under State law.

“Deposit Agreement” shall have the meaning given in Section 8.02(a) of this Agreement.

“Designated Successors and Assigns” shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner’s assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

“Development Agreement” has the meaning given in the recitals of this Agreement.

“District” has the meaning given in the recitals to this Agreement.

“End User” means any tenant, user, or owner of a fully developed and improved lot.

“Effective Date” has the meaning given in the recitals to this Agreement.

“Force Majeure” shall mean delays due to strikes, acts of God, inability to obtain labor or materials, litigation, enemy action, civil commotion, fire, rain or windstorm, governmental action or inaction, or similar causes, provided such similar causes are beyond the reasonable control of the party whose obligations are affected by such acts.

“Home Buyer Disclosure Program” means the disclosure program, administered by the Administrator as set forth in a document in substantially the same form as Exhibit “H” attached hereto, that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the District.

“IA #1-2 PID Bonds” has the meaning given in Section 2.01(b) of this Agreement.

“Improvement Area” has the meaning given in Section 2.01(b) of this Agreement.

“Improvement Area #1” has the meaning given in Section 2.01(b) of this Agreement.

“Improvement Area #2” has the meaning given in Section 2.01(b) of this Agreement.

“Indenture” means the applicable Indenture of Trust between the City and a trustee relating to the issuance of a series of PID Bonds for financing costs of Authorized Improvements, as it may be amended from time to time.

“Interest” shall mean the interest rate charged for the PID Bonds or such other interest rate as may be required by applicable law.

“**Landowner**” shall mean the owner(s) of the Property, which currently are Owner and the Consenting Party.

“**Lot**” means (i) for any portion of the Property for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (ii) for any portion of the Property for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“**Major Improvement Area**” has the meaning given in Section 2.01(b) of this Agreement.

“**Major Improvement Area PID Bonds**” has the meaning given in Section 2.01(b) of this Agreement.

“**Maximum Assessment**” shall have the meaning given in the Service and Assessment Plan.

“**Maximum Equivalent Tax Rate**” means, for each lot classification identified in the Service and Assessment Plan, \$0.33 per \$100 of estimated buildout value. The estimated buildout value for a lot classification shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, information provided by the Owner, or any other information that may help determine buildout value.

“**Operating Account**” shall have the meaning given in the Acquisition and Reimbursement Agreement.

“**Owner**” has the meaning given in the recitals to this Agreement.

“**Owner’s Association**” means a homeowner’s association or property owner’s association.

“**Owner Continuing Disclosure Agreement**” shall have the meaning given in the Indenture or any purchase agreement relating to the sale of the PID Bonds.

“**Owner Expended Funds**” has the meaning given in Section 4.02(c) of this Agreement.

“**Party**” means the Owner or the City, as parties to this Agreement, and “**Parties**” means collectively, the Owner and the City.

“**Parity Bonds**” means any PID Bonds issued subsequent to the Improvement Area #1-2 PID Bonds or Major Improvement Area PID Bonds and secured on a parity basis therewith.

“**Payment Request**” means the document to be provided by the Owner to substantiate the Actual Cost of one or more Segments.

“**PID Act**” means Chapter 372, Local Government Code.

“PID Bonds” means the special assessment revenue bonds to be issued by the City, in one or more series, to finance the Authorized Improvements that confer special benefit on the land within the District, which may include funds for any required reserves and amounts necessary to pay the Bond Issuance Costs, and to be secured by the revenues and funds pledged under an Indenture, consisting primarily of the Assessments, pursuant to the authority granted in the PID Act, and as described by this Agreement for the purposes of (i) financing the costs of Authorized Improvements and related costs and (ii) reimbursing the Owner for Actual Costs paid prior to the issuance of the PID Bonds. This term is used to collectively refer to the Major Improvement Area PID Bonds, the Improvement Area #1-2 PID Bonds and any Parity Bonds throughout this Agreement.

“PID Bond Ordinance” means and refers to the order(s) or ordinances of the City Council that will authorize and approve the issuance and sale of the PID Bonds and provide for their security and payment, either under the terms of the bond order or a trust indenture related to the PID Bonds.

“PID Bond Security” means the funds that are to be pledged in or pursuant to the PID Bond Ordinance or the Indenture to the payment of the debt service requirements on the PID Bonds, consisting of the Assessments, including earnings and income derived from the investment or deposit of Assessments in the special funds or accounts created and established for the payment and security of the PID Bonds, unless such earnings are required to be deposited into a rebate fund for payment to the federal government.

“Pledged Revenue Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture wherein the Special Assessment Revenues are deposited.

“Preliminary Service and Assessment Plan” means the Manor Heights Public Improvement District Preliminary Service and Assessment Plan, which is attached hereto as Exhibit “C”.

“Prepayment” means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment that represent a payment of principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

“Project” has the meaning given in the recitals to this Agreement.

“Project Engineer” means the civil engineer or firm of civil engineers selected by the Owner to perform the duties set forth herein, which is currently Kimley-Horn. Owner reserves the right to replace the Project Engineer at any time in Owner’s sole discretion.

“Project Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture as described in Section 5.02 hereof.

“Property” has the meaning given in the recitals to this Agreement.

“Regulatory Requirements” means the requirements and provisions of the City over the Authorized Improvements, as adjusted by the PUD and Development Agreement.

“Reimbursement Obligation Balance” has the meaning given in Section 4.02(c) of this Agreement.

“SAP Consultant” means Development Planning & Financing Group, Inc.

“Segment” or “Segments” means the discrete portions of the Authorized Improvements identified as such.

“Service and Assessment Plan” means the Manor Heights Public Improvement District Service and Assessment Plan (as such plan is amended, supplemented, and updated from time to time), to be initially adopted by the City Council in the initial Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Owner, as required by Article II of this Agreement.

“State” means the State of Texas.

“Tax Certificate” shall have the meaning given in Section 5.01(g) hereof.

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

“Transfer” shall have the meaning given in Section 2.05 hereof.

“Transferee” shall have the meaning given in Section 2.05 hereof.

“Trustee” means the trustee under the Indenture, and any successor thereto permitted under such Indenture and any other Trustee under a future Indenture.

“Underwriter” means FMSbonds, Inc., or its successor.

“Wastewater Facilities” means the wastewater facilities to be built by the City which are more particularly described on Exhibit “C-1” attached hereto.

Exhibit "B"

PROPERTY DESCRIPTION FOR PROJECT

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

**A METES AND BOUNDS
DESCRIPTION OF A
3.700 ACRE RIGHT-OF-WAY OF LAND**

BEING a 3.700 acre (161,158 square feet) tract of land situated in the A.C. Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas; and being a portion of Old Kimbro Road (80 feet wide); and being more particularly described as follows:

COMMENCING, at a 1/2-inch iron rod with a plastic cap stamped "KHA" found on the southerly right-of-way line of said Old Kimbro Road marking the northwest corner of a called 51.533 acre tract of land described in instrument to Chau Dinh and Kim Pham recorded in Document No. 2014139510 of the Official Public Records of Travis County, same being the northeast corner of a called 90.0886 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017194263 of the Official Public Records of Travis County;

THENCE, North 85°48'57" West, 846.55 feet, along the southerly right-of-way line of Old Kimbro Road and the north line of said 90.0886 acre tract to the **POINT OF BEGINNING** of the herein described tract;

THENCE, continuing along the southerly right-of-way of said Old Kimbro Road and along the north line of said 90.0886 acre tract the following two (2) courses and distances:

1. North 85°48'57" West, 1629.02 feet to an iron rod with plastic cap stamped "KHA" found for a point of curvature;
2. in a southwesterly direction, along a tangent curve to the left, a central angle of 43°49'58", a radius of 533.10 feet, a chord bearing and distance of South 72°20'04" West, 397.96 feet, and a total arc length of 407.84 feet to a point for corner;

THENCE, departing the north line of said 90.0886 acre tract and crossing said Old Kimbro Road the following two (2) courses and distances:

1. North 40°17'42" West, 46.07 feet to a point for corner;
2. North 61°40'04" West, 35.46 feet to a 5/8-iron rod found on the northerly right-of-way line of said Old Kimbro Road marking the southwest corner of a called 157.9603 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017180865 of the Official Public Records of Travis County;

THENCE, along the northerly right-of-way line of said Old Kimbro Road and along the south line of said 157.9603 acre tract the following three (3) courses and distances:

1. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 36°32'19", a radius of 613.14 feet, a chord bearing and distance of North 68°23'46" East, 384.42 feet, and a total arc length of 391.01 feet to a 1/2-iron rod found for a point for corner;
2. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 7°10'29", a radius of 1407.07 feet, a chord bearing and distance of South 89°23'14" East, 176.08 feet, and a total arc length of 176.20 feet to a concrete monument found for a point of tangency;
3. South 85°54'35" East, 1541.16 feet to a point for corner;

THENCE, South 4°11'03" West, 80.00 feet departing the south line of said 157.9603 acre tract and crossing said Old Kimbro Road to the **POINT OF BEGINNING**, and containing 3.700 acres of right-of-way in Travis County, Texas. The basis of bearing for this description is the Texas State Plane Coordinate System Grid, Central Zone (FIPS 4203) (NAD'83). All distances are on the surface and shown in U.S. Survey Feet. To convert grid distances to grid, apply the combined SURFACE to GRID scale factor of 0.99992097045. This document was prepared in the office of Kimley-Horn and Associates, Inc. in San Antonio, Texas.

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**EXHIBIT OF A 3.700 ACRE
RIGHT-OF-WAY
TO BE RELEASED**
A.A. CALDWELL SURVEY NO.52,
ABSTRACT NO. 154
TRAVIS COUNTY, TEXAS

Kimley»Horn

601 NW Loop 410, Suite 350 San Antonio, Texas 78216 FIRM # 10193973 Tel. No. (210) 541-9166 www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	DJG	APS	9/3/2020	069255703	1 OF 2

Exhibit "B-1"

MAJOR IMPROVEMENT AREA DESCRIPTION

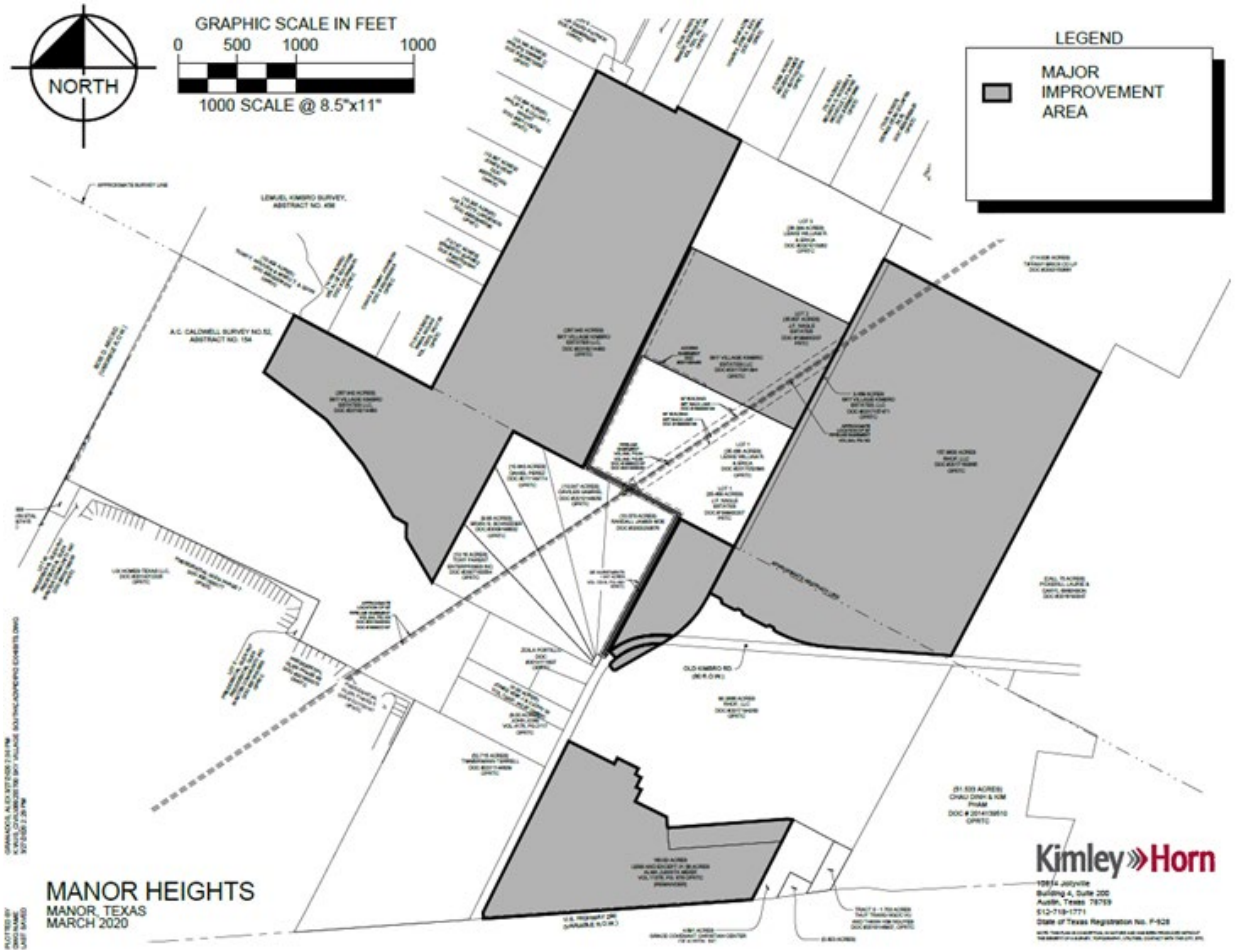


Exhibit "B-2"

IMPROVEMENT AREA #1 DESCRIPTION
IMPROVEMENT AREA #2 DESCRIPTION

LEGAL DESCRIPTION
127.220 ACRES OF LAND

127.220 acres of land located in the A.C. Caldwell Survey, Abstract Number 154, Travis County, Texas and being a portion of that certain called 267.942 acre tract of land conveyed to Sky Village Kimbro Estates, LLC, as described in Document Number 2016214460, Official Public Records of Travis County, Texas; said 127.220 acres being more particularly described as follows:

BEGINNING, at a found 60D nail located in the southeasterly right of way line of Bois D Arc Road and marking the most westerly southwest corner of the said 267.942 acres;

THENCE, along the southeasterly right of way line of Bois D Arc Road, the following courses:

North 26deg 34' 25" East, a distance of 97.95 feet, to a point;
North 27deg 29' 03" East, a distance of 2033.50 feet, to a found ½ inch iron rod;

THENCE, leaving the southeasterly right of way line of Bois D Arc and along the boundary lines of the said 267.942 acre tract, the following courses:

South 62deg 00' 08" East, a distance of 1087.10 feet, to a point;
South 27deg 59' 52" West, a distance of 546.56 feet, to a point;
South 52deg 43' 04" East, a distance of 667.78 feet, to a point;
South 39deg 17' 57" East, a distance of 485.70 feet, to a point;
South 30deg 19' 16" East, a distance of 1155.97 feet, to a point;
South 62deg 32' 46" East, a distance of 552.04 feet, to a found ½ inch iron rod;
South 26deg 28' 58" West, a distance of 604.34 feet, to a point;
South 26deg 46' 43" West, a distance of 346.69 feet, to a found 1" iron pipe;
North 62deg 59' 47" West, a distance of 238.66 feet, to a found 60D nail;
North 63deg 39' 43" West, a distance of 66.97 feet, to a found 1" iron pipe;
North 62deg 38' 12" West, a distance of 695.93 feet, to a point;
North 62deg 42' 20" West, a distance of 330.87 feet, to a point;
North 26deg 23' 28" East, a distance of 379.90 feet, to a found ½ inch iron rod;
North 64deg 58' 30" West, a distance of 812.74 feet, to a found 60D nail;
North 64deg 44' 31" West, a distance of 669.79 Feet, to a found 60D nail;
North 63deg 33' 33" West, a distance of 909.33 feet, to the **POINT OF BEGINNING** and containing 127.220 acres (5,541,696 square feet) of land, more or less.

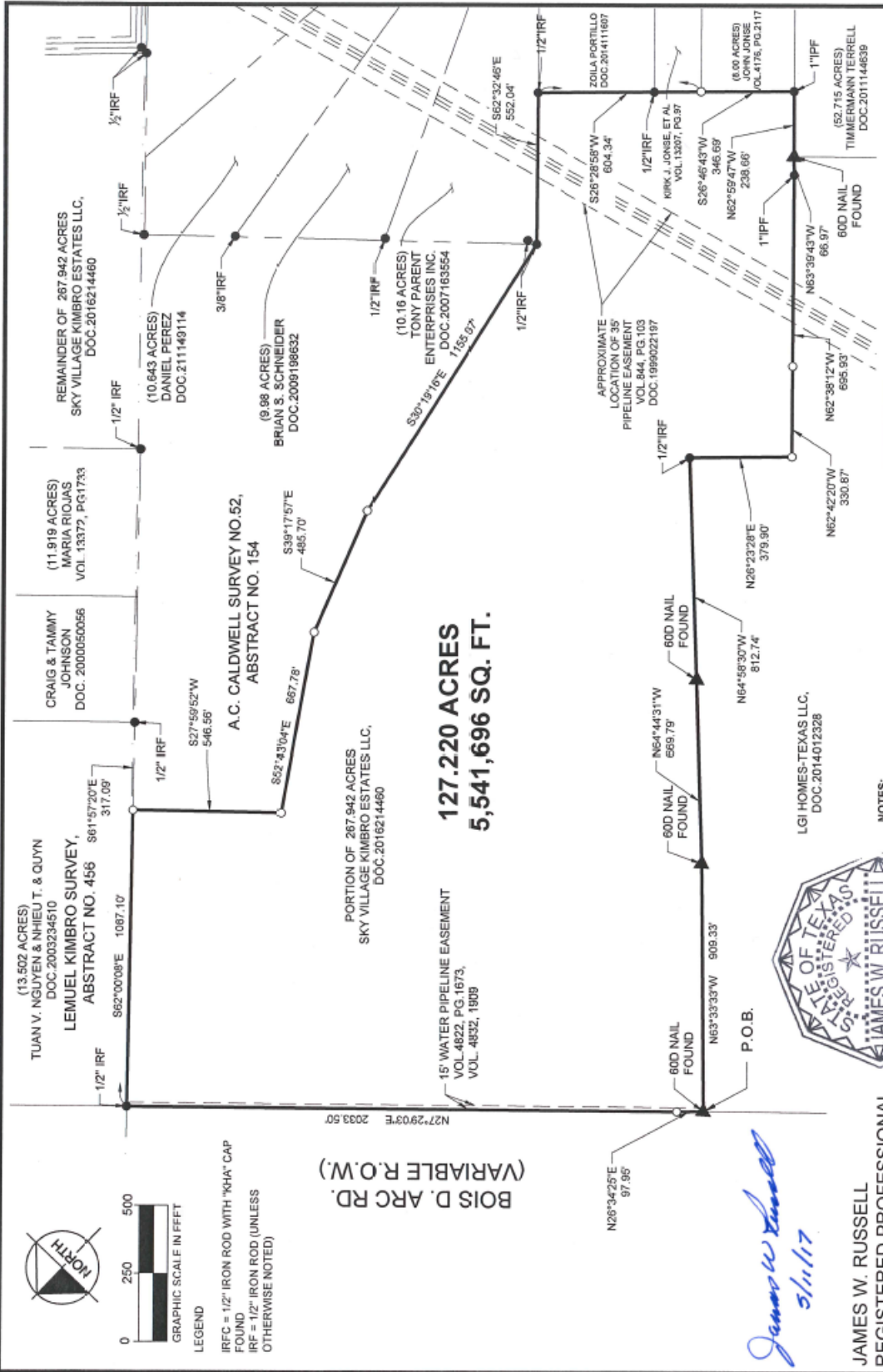
Bearing system based on the Texas Coordinate System of 1983, Central Zone (4203), North American Datum of 1983.

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

James W. Russell
5/11/17

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TBPLS Firm No. 10193973





LEGEND
 IRFC = 1/2" IRON ROD WITH "KH" CAP FOUND
 IRF = 1/2" IRON ROD (UNLESS OTHERWISE NOTED)

BOIS D. ARC RD.
 (VARIABLE R.O.W.)

127.220 ACRES
5,541,696 SQ. FT.

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Scale: 1" = 500'
 Drawn by: RAAC
 Checked by: JWR
 Date: 05/11/2017
 Project No.: 069235700
 Sheet No.: 1 OF 1

- NOTES:
- This document was prepared under 22 TAC 603.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.
 - Bearing system based on the Texas Coordinate System of 1983, Central Zone (4203), North American Datum of 1983.



James W. Russell
 5/11/17

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Exhibit “C”

PRELIMINARY SERVICE AND ASSESSMENT PLAN

[See attached]

Manor Heights Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN
APRIL 21, 2021



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INTRODUCTION

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

On November 7, 2018, the City passed and approved Resolution No. 2018-10 authorizing the creation of the District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act. On October 7, 2020, the City authorized additional land to be included within the District pursuant to Resolution No. 2020-11. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 602.9 acres located within the City, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the District based on the special benefits conferred on the District by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay its share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (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 0.50% additional interest charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

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

“Annual Collection Costs” mean the actual or budgeted 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 Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

“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.

“Appraisal District” means Travis Central Appraisal District.

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

“Assessment” means an assessment levied against a Parcel within the District and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, more specifically described in **Section V**.

“Assessment Roll” means one or more assessment rolls for the Assessed Property within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein, and in the PID Act, including any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act as described in **Section III** and **Exhibit C** and depicted on **Exhibit O**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, capitalized interest, 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 PID Bonds.

“City” means the City of Manor, Texas.

“City Council” means the governing body of the City.

“County” means Travis County, Texas.

“Delinquent Collection Costs” mean, 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 Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including costs and expenses to foreclose liens.

“Developer” means Forestar (USA) Real Estate Group Inc., and any successor and assigns.

“District” means the Manor Heights Public Improvement District containing approximately 602.9 acres located within the City and shown on **Exhibit B-1** and more specifically described in **Exhibit A-1**.

“District Formation Expenses” means the costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

“Improvement Area #1” means approximately 127.37 acres located within the District, as shown on **Exhibit B-2** and more specifically described in **Exhibit A-2**.

“Improvement Area #1-2 Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)”, that are secured by Improvement Area #1 Assessments and Improvement Area #2 Assessments.

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

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

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

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

“Improvement Area #1 Improvements” mean those Authorized Improvements that only benefit Improvement Area #1, more specifically described in **Section III.B**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #1 Initial Parcel” means all of the area within Improvement Area #1, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-2** and shown on the map on **Exhibit B-2**, consisting of approximately 127.37 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #1, the Improvement Area #1 Annual Installment will be allocated to each property ID within the Improvement Area #1 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #1 Projects” mean Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #2” means approximately 91.81 acres located within the District, as shown on **Exhibit B-3** and more specifically described in **Exhibit A-3**.

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

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means an Assessment levied against Improvement Area #2 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 Assessed Property and included in this Service and Assessment Plan as **Exhibit H**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and

in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #2 Improvements” mean those Authorized Improvements that only benefit Improvement Area #2, and more specifically described in **Section III.C**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #2 Initial Parcel” means all of the area within Improvement Area #2, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-3** and shown on the map on **Exhibit B-3**, consisting of approximately 91.81 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #2, the Improvement Area #2 Annual Installment will be allocated to each property ID within the Improvement Area #2 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #2 Projects” mean Improvement Area #2 Improvements and Improvement Area #2’s allocable share of the Major Improvements.

“Indenture” means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and a Trustee setting forth terms and conditions related to PID Bonds.

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multi-family, single-family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as determined by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a Lot within Improvement Area #1 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 2” means a Lot within Improvement Area #2 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 3” means a Lot within Improvement Area #2 designated as a 55’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Major Improvement Area” means approximately 383.102 acres located within the District, as shown on **Exhibit B-4** and more specifically described in **Exhibit A-4**.

“Major Improvement Area Annual Installment” means the annual installment payment of the Major Improvement Area Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property and included in this Service and Assessment Plan as **Exhibit J**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Major Improvement Area Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).”

“Major Improvement Area Initial Parcel” means all of the area within Major Improvement Area, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-4** and shown on the map on **Exhibit B-4**, consisting of approximately 383.102 acres. Until a plat has been recorded on a property ID within Major Improvement Area, the Major Improvement Area Annual Installment will be allocated to each property ID within the Major Improvement Area Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Major Improvement Area Projects” mean Major Improvement Area’s allocable share of the Major Improvements and District Formation and Bond Issuance Costs.

“Major Improvements” mean the improvements and associated soft costs that benefit the entire District, and are more specifically described in **Section III.A**.

“Maximum Assessment” means, for each Lot within Improvement Area #1 and Improvement Area #2, the amount shown for each Lot Type on **Exhibit M**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefited Property at the time the Assessments (1) are levied or (2) are reallocated pursuant to a subdivision of a Parcel that receives no benefit.

“Owner” means either Forestar (USA) Real Estate Group Inc., RHOF, LLC or Continental Homes of Texas, L.P. and any successor and assigns.

“Parcel(s)” means a property within the District, identified by either a tax map identification number assigned by the Travis 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 official public records of the County, or by any other means determined by the City.

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“PID Bonds” mean bonds issued by the City to finance the Actual Costs of the Authorized Improvements including the Improvement Area #1-2 Bonds and the Major Improvement Area Bonds.

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

“Prepayment Costs” mean interest and Annual Collection Costs incurred up to the date of Prepayment.

“Property ID” mean a unique number assigned to each Parcel by the Appraisal District.

“Service and Assessment Plan” means this Service and Assessment Plan as amended, modified and updated from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Trustee” means a trustee (or successor trustee) under the applicable Indenture.

SECTION II: THE DISTRICT

The District includes approximately 602.9 contiguous acres located within the corporate limits of the City, as more particularly described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**. Development of the District is anticipated to include approximately 1,250 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

Improvement Area #1 includes approximately 127.37 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-2** and depicted on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to include approximately 264 single-family units.

Improvement Area #2 includes approximately 91.81 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-3** and depicted on **Exhibit B-3**. Development of Improvement Area #1 is anticipated to include approximately 251 single-family units.

The Major Improvement Area includes approximately 383.102 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-4** and depicted on **Exhibit B-4**. Development of the Major Improvement Area is anticipated to include approximately 735 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Owner and their engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and District Formation and Bond Issuance Costs are Authorized Improvements and confer a special benefit on the Assessed Property. The budget for the Authorized Improvements is shown on **Exhibit C**, and a map depicting the Authorized Improvements is shown on **Exhibit O**.

A. Major Improvements

- *Wastewater Treatment Plant Phase 1*

Improvements designed and constructed in accordance with 30 TAC Chapter 217 Rules with a nominal treatment capacity of 200,000 gallons per day.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways part of the MAD4 collector roads. All related earthwork, excavation, erosion control, demolition and paving are included.

- *Kimbrow ROW Acquisition*

Improvements including easements needed for relocating the existing Manville water line conflicting with Old Kimbro Road widening.

- *Soft Costs*

Estimated to be 15% of above-described hard costs, inclusive of a 4% construction management fee.

B. Improvement Area #1 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #1.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

- *Trails*

Improvements include approximately 5' wide crushed granite trails along the proposed public parkland to be dedicated to the City.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #1 Improvements including permits, fees and fiscals.

C. Improvement Area #2 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #2.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #2.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #2.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #2.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #2 Improvements including permits, fees and fiscals.

D. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required to fund a reserve under an applicable Indenture.

- *Capitalized Interest*

Equals the amount of capitalized interest available for payment of interest on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds and includes a fee for underwriter's counsel.

- *Cost of Issuance*

Costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

E. District Formation Expenses

Costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan must be reviewed and updated, at least annually, and approved by the City Council. **Exhibit D** summarizes the Service Plan for the District.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements and pay the District Formation and Bond Issuance Costs. The sources and uses of funds shown on **Exhibit E** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance reasonable classifications and formulas for the apportionment of the cost between the municipality or the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements shall be allocated as follows:

- Major Improvements shall be allocated between the Major Improvement Area, Improvement Area #1, and Improvement Area #2 pro rata based on estimated buildout value, as shown on **Exhibit Q**.
- The Improvement Area #1 Improvements are allocated entirely to the Improvement Area #1 Initial Parcel.
- The Improvement Area #2 Improvements are allocated entirely to the Improvement Area #2 Initial Parcel.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Initial Parcel as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

Improvement Area #2 Assessments will be levied on the Improvement Area #2 Initial Parcel as shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit H**. The

projected Improvement Area #2 Annual Installments are shown on **Exhibit I**, subject to revisions made during any Annual Service Plan Update.

Major Improvement Area Assessments will be levied on the Major Improvement Area Initial Parcel as shown on the Major Improvement Area Assessment Roll, attached hereto as **Exhibit J**. The projected Major Improvement Area Annual Installments are shown on **Exhibit K**, subject to revisions made during any Annual Service Plan Update.

Upon subdivisions of the Improvement Area #1 Initial Parcel or the Improvement Area #2 Initial Parcel by final plat, the Maximum Assessment for each Lot Type is shown on **Exhibit M**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- *Improvement Area #1*
 1. The costs of Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal \$8,625,681, as shown on **Exhibit C**; and
 2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs; and
 3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Initial Parcel for Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$3,070,446, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
 4. The special benefit (\geq \$8,625,681) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #1 Assessments (\$3,070,446) levied on the Improvement Area #1 Initial Parcel; and
 5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Owner owned 100% of the Improvement Area #1 Assessed Property. The Owner acknowledged that Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for Improvement Area #1

Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Initial Parcel.

▪ *Improvement Area #2*

1. The costs of Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal \$10,446,878, as shown on **Exhibit C**; and
2. The Improvement Area #2 Assessed Property receives special benefit from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Improvement Area #2 Assessed Property will be allocated 100% of the Improvement Area #2 Assessments levied on the Improvement Area #2 Initial Parcel for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$2,934,554, as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit H**; and
4. The special benefit (\geq \$10,446,878) received by the Improvement Area #2 Assessed Property from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #2 Assessments (\$2,934,554) levied on the Improvement Area #2 Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #2 Assessments, the Owner owned 100% of the Improvement Area #2 Assessed Property. The Owner acknowledged that Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #2 Assessments on the Improvement Area #2 Initial Parcel.

- *Major Improvement Area*

1. The costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs equal \$8,310,589, as shown on **Exhibit C**; and
2. The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Major Improvement Area Assessed Property will be allocated 100% of the Major Improvement Area Assessments levied on the Major Improvement Area Initial Parcel for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs, which equal \$7,090,000, as shown on the Major Improvement Area Assessment Roll attached hereto as **Exhibit J**; and
4. The special benefit (\geq \$8,310,589) received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Major Improvement Area Assessments (\$7,090,000) levied on the Major Improvement Area Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Major Improvement Area Assessments, the Owner owned 100% of the Major Improvement Area Assessed Property. The Owner acknowledged that the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs confers a special benefit on the Major Improvement Area Assessed Property and consented to the imposition of the Major Improvement Area Assessments to pay for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Major Improvement Area Assessments on the Major Improvement Area Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments levied on the Assessed Property to pay the PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

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

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat and a Property ID has been assigned by the Appraisal District, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the estimated average buildout value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

B. True-Up of Assessments if Maximum Assessment Exceeded

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat

without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Assessments.

C. Mandatory Prepayment of Assessments

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

D. Reduction of Assessments

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Termination," a form of which is attached hereto as **Exhibit P**.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made.

F. Prepayment as a Result of Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the **“Remaining Property”**), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the assessment on the Remainder Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall

be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding PID Bonds.

G. Payment of Assessment in Annual Installments

Exhibit G shows the projected Improvement Area #1 Annual Installments. **Exhibit I** shows the projected Improvement Area #2 Annual Installments. **Exhibit K** shows the projected Major Improvement Area Annual Installments. **Exhibit L-1** shows the projected Annual Installments for Lot Type 1. **Exhibit L-2** shows the projected Annual Installments for Lot Type 2. **Exhibit L-3** shows the projected Annual Installments for Lot Type 3.

Assessments that are not paid in full shall be due and payable in Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update. Until a plat has been recorded on a Parcel and a Property ID has been assigned by the Appraisal District within Improvement Area #1, Improvement Area #2, or the Major Improvement Area, the Annual Installment will be allocated to each Property ID within the Improvement Area #1 Initial Parcel, Improvement Area #2 Initial Parcel and Major Improvement Area Initial Parcel, respectively, based on the Travis Central Appraisal District acreage for billing purposes only.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be collected in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties,

procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the non-delinquent Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act and the applicable Indenture. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments shall be due when billed and shall be delinquent if not paid prior to February 1, 2022.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within the Improvement Area #1 Assessed Property as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit H**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel within the Improvement Area #2 Assessed Property as part of each Annual Service Plan Update.

The Major Improvement Area Assessment Roll is attached as **Exhibit J**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Major Improvement Area Assessment Roll and Major Improvement Area Annual Installments for each Parcel within the Major Improvement Area Assessed Property as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a City Council meeting, and within 30 days after closing such meeting, the City Council shall make a final determination as to whether or not an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable ordinance authorizing the PID Bonds, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided at a meeting of the City Council during which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

LIST OF EXHIBITS

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit A-3	Improvement Area #2 Legal Description
Exhibit A-4	Major Improvement Area Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit B-3	Improvement Area #2 Boundary Map
Exhibit B-4	Major Improvement Area Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G	Improvement Area #1 Annual Installments
Exhibit H	Improvement Area #2 Assessment Roll
Exhibit I	Improvement Area #2 Annual Installments
Exhibit J	Major Improvement Area Assessment Roll
Exhibit K	Major Improvement Area Annual Installments
Exhibit L-1	Lot Type 1 Annual Installments
Exhibit L-2	Lot Type 2 Annual Installments
Exhibit L-3	Lot Type 3 Annual Installments
Exhibit M	Maximum Assessment Per Lot Type
Exhibit N	Lot Type Classification Map
Exhibit O	Map of Authorized Improvements
Exhibit P	Notice of PID Assessment Termination
Exhibit Q	Estimated Buildout Value for Major Improvement Area, Improvement Area #1, and Improvement Area #2
Exhibit R	Improvement Area #1-2 Bond Debt Service Schedule
Exhibit S	Major Improvement Area Bond Debt Service Schedule

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

Exhibit A The Property

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

**A METES AND BOUNDS
DESCRIPTION OF A
3.700 ACRE RIGHT-OF-WAY OF LAND**

BEING a 3.700 acre (161,158 square feet) tract of land situated in the A.C. Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas; and being a portion of Old Kimbro Road (80 feet wide); and being more particularly described as follows:

COMMENCING, at a 1/2-inch iron rod with a plastic cap stamped "KHA" found on the southerly right-of-way line of said Old Kimbro Road marking the northwest corner of a called 51.533 acre tract of land described in instrument to Chau Dinh and Kim Pham recorded in Document No. 2014139510 of the Official Public Records of Travis County, same being the northeast corner of a called 90.0886 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017194263 of the Official Public Records of Travis County;

THENCE, North 85°48'57" West, 846.55 feet, along the southerly right-of-way line of Old Kimbro Road and the north line of said 90.0886 acre tract to the **POINT OF BEGINNING** of the herein described tract;

THENCE, continuing along the southerly right-of-way of said Old Kimbro Road and along the north line of said 90.0886 acre tract the following two (2) courses and distances:

1. North 85°48'57" West, 1629.02 feet to an iron rod with plastic cap stamped "KHA" found for a point of curvature;
2. in a southwesterly direction, along a tangent curve to the left, a central angle of 43°49'58", a radius of 533.10 feet, a chord bearing and distance of South 72°20'04" West, 397.96 feet, and a total arc length of 407.84 feet to a point for corner;

THENCE, departing the north line of said 90.0886 acre tract and crossing said Old Kimbro Road the following two (2) courses and distances:

1. North 40°17'42" West, 46.07 feet to a point for corner;
2. North 61°40'04" West, 35.46 feet to a 5/8-iron rod found on the northerly right-of-way line of said Old Kimbro Road marking the southwest corner of a called 157.9603 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017180865 of the Official Public Records of Travis County;

THENCE, along the northerly right-of-way line of said Old Kimbro Road and along the south line of said 157.9603 acre tract the following three (3) courses and distances:

1. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 36°32'19", a radius of 613.14 feet, a chord bearing and distance of North 68°23'46" East, 384.42 feet, and a total arc length of 391.01 feet to a 1/2-iron rod found for a point for corner;
2. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 7°10'29", a radius of 1407.07 feet, a chord bearing and distance of South 89°23'14" East, 176.08 feet, and a total arc length of 176.20 feet to a concrete monument found for a point of tangency;
3. South 85°54'35" East, 1541.16 feet to a point for corner;

THENCE, South 4°11'03" West, 80.00 feet departing the south line of said 157.9603 acre tract and crossing said Old Kimbro Road to the **POINT OF BEGINNING**, and containing 3.700 acres of right-of-way in Travis County, Texas. The basis of bearing for this description is the Texas State Plane Coordinate System Grid, Central Zone (FIPS 4203) (NAD'83). All distances are on the surface and shown in U.S. Survey Feet. To convert grid distances to grid, apply the combined SURFACE to GRID scale factor of 0.99992097045. This document was prepared in the office of Kimley-Horn and Associates, Inc. in San Antonio, Texas.

ABEL P. STENDAHL
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 6754
601 NW LOOP 410, SUITE 350
SAN ANTONIO, TEXAS 78216
PH. 210-541-9166
abel.stendahl@kimley-horn.com



**EXHIBIT OF A 3.700 ACRE
RIGHT-OF-WAY
TO BE RELEASED**

A.A. CALDWELL SURVEY NO.52,
ABSTRACT NO. 154
TRAVIS COUNTY, TEXAS

Kimley»Horn

601 NW Loop 410, Suite 350 San Antonio, Texas 78216 FIRM # 10193973 Tel. No. (210) 541-9166 www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	DJG	APS	9/3/2020	069255703	1 OF 2

STENDAHL, ABEL 9/3/2020 10:57 AM K:\SNA_SURVEY\MANOR HEIGHTS DEVELOPMENT\069255703-MANOR HTS PHASE 2\DWG\EXHIBITS\3.700AC RIGHT OF WAY RELEASE.DWG

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

Being 127.37 acres of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, and being all of that 110.524 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, described in the Manor Heights South Phase 1 Section 1 Final Plat, recorded in Document No. 202100001 Official Public Records of Travis County, and being a portion of that certain 267.942 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas, conveyed to Forestar (USA) Real Estate Group Inc., as described in Document No. 2019171724, corrected in Document No. 2019176020, Official Public Records of Travis County, Texas.

EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

Being 91.81 acres of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, and being portion of that certain tract or parcel of land containing 90.089 acres located in the A.C. Caldwell Survey No.52 , Abstract No. 154, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County, and being a portion of that certain 157.9603 acre tract of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County , and a portion of that certain tract or parcel of land containing 3.7 acres situated in the A.C. Caldwell Survey No.52, Abstract 154, City of Manor, Travis County, Texas Conveyed to Forestar (USA) Real Estate Group Inc., as described in document 2021052193, official public records of Travis County, Texas.

EXHIBIT A-4 – MAJOR IMPROVEMENT AREA LEGAL DESCRIPTION

383.102 Acres Being Portions of a called 267.972 acre Tract of land Recorded in document No.2016214460, Official Public Records of Travis County, 157.9603 Acre Tract Recorded in document No.201718086, Official Public Records of Travis County, A called 90.0886 Acre Tract Recorded in Documents No.2017194263, Official Public Records of Travis County, and a portion of Old Kimbro Road A.C. Caldwell Survey No. 52, Abstract No 154 City of Manor, Travis County, Texas

EXHIBIT B-1 – DISTRICT BOUNDARY MAP

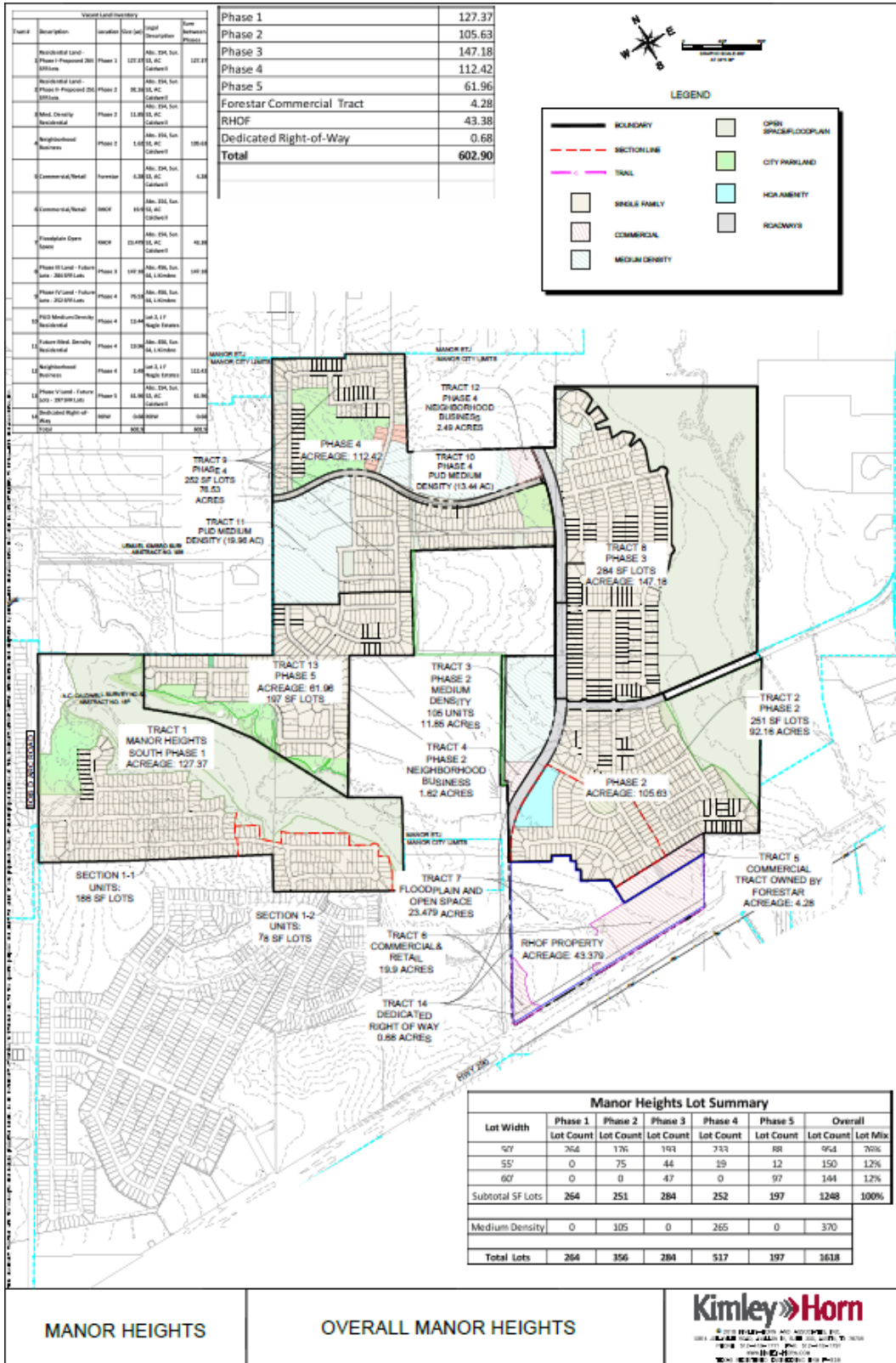
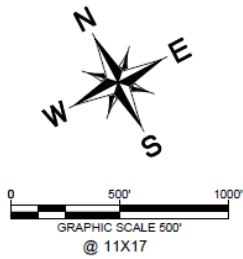


EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP

LEGEND



	BOUNDARY
	IA #1
	TAX PARCEL BOUNDARY

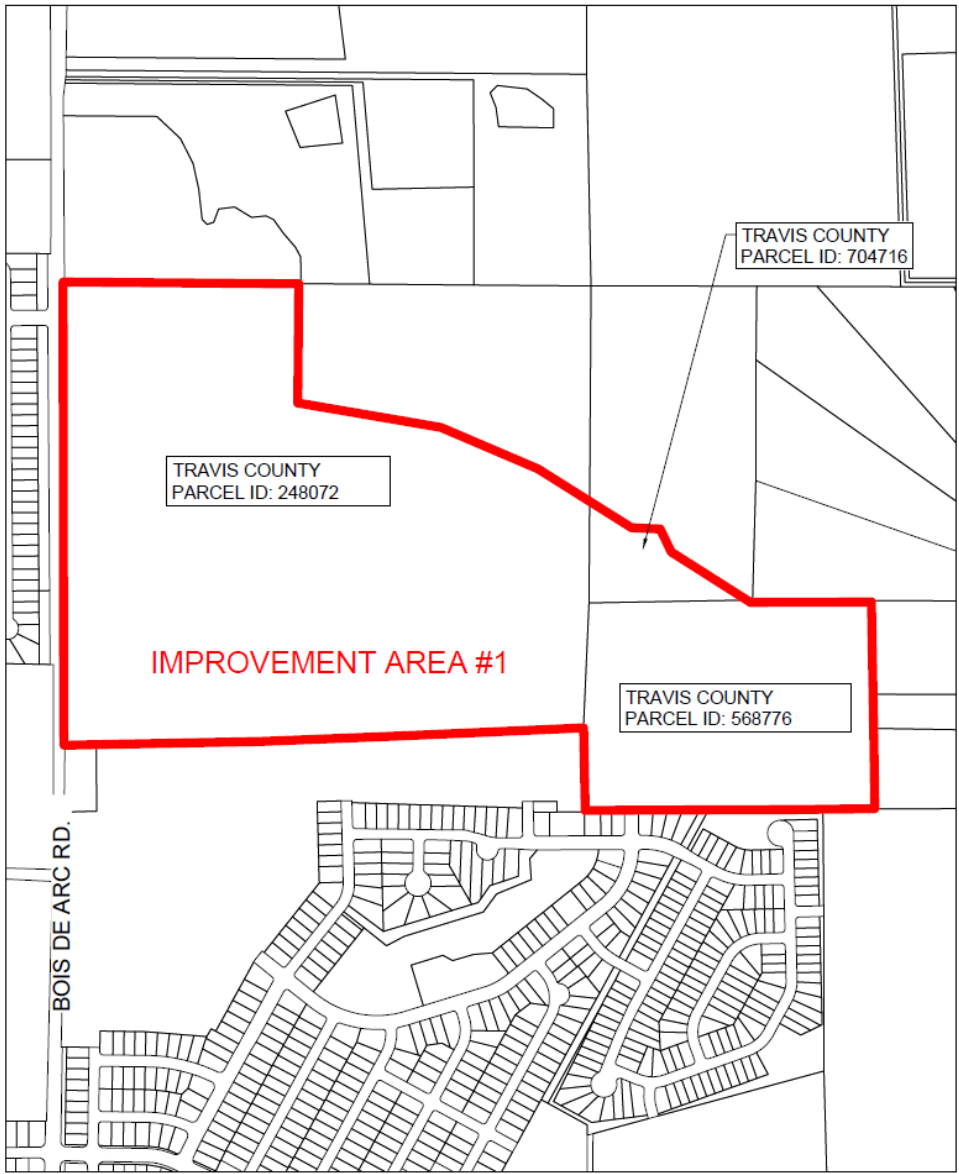


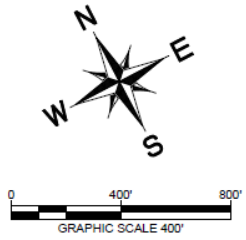
EXHIBIT F - IMPROVEMENT AREA #1

MANOR, TEXAS
FEBRUARY 2021



EXHIBIT B-3 – IMPROVEMENT AREA #2 BOUNDARY MAP

LEGEND



	BOUNDARY
	IA #2
	TAX PARCEL BOUNDARY

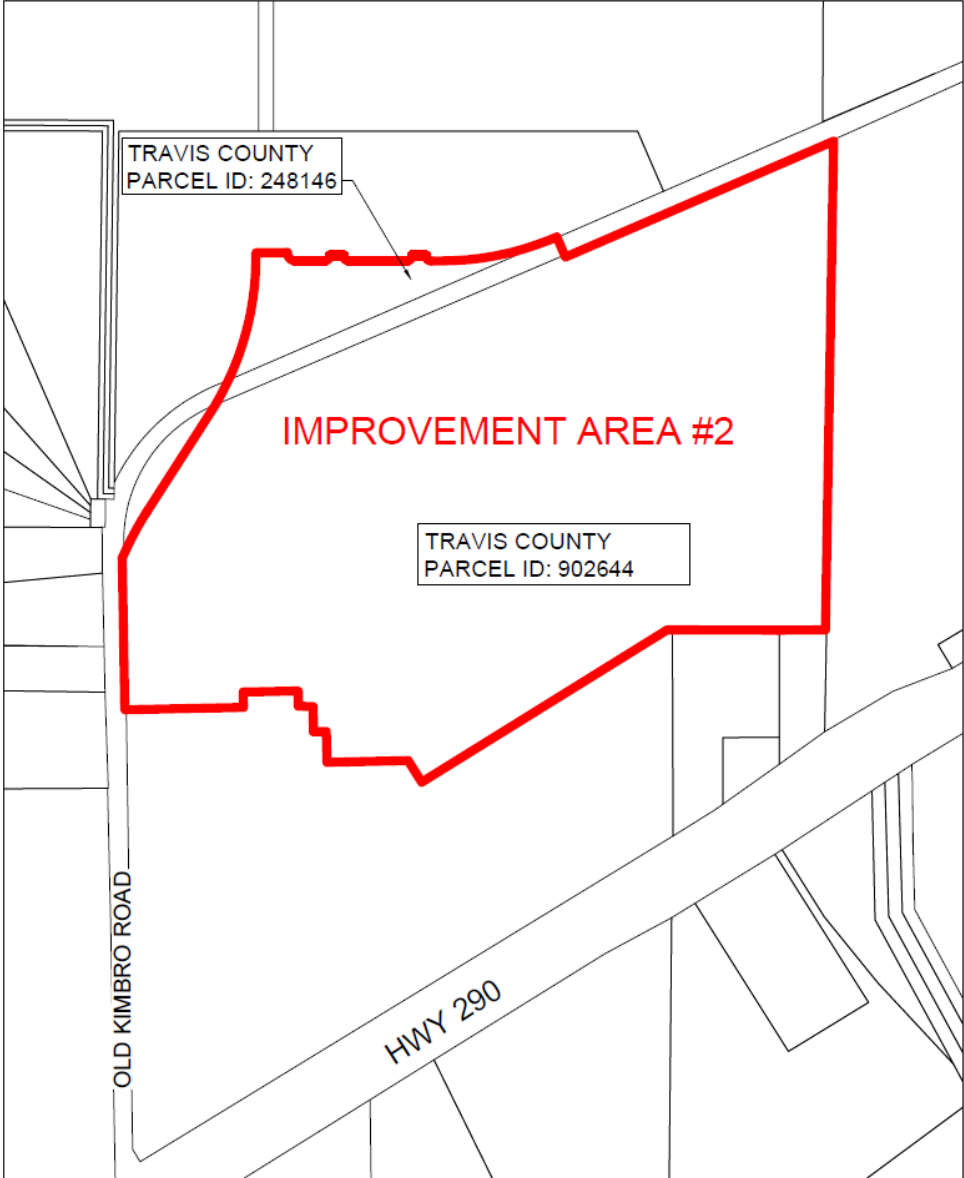
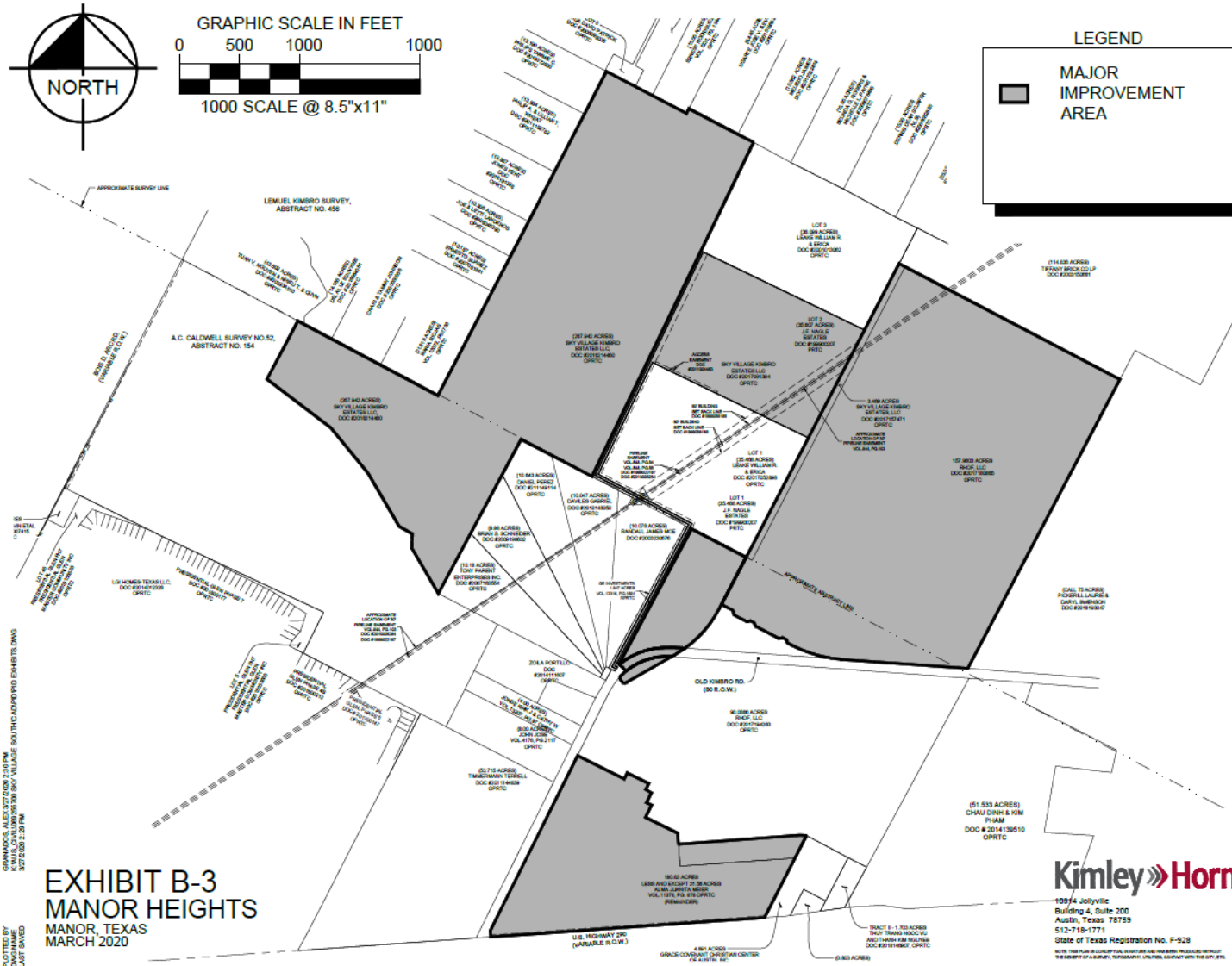


EXHIBIT H - IMPROVEMENT AREA #2

MANOR, TEXAS
FEBRUARY 2021



EXHIBIT B-4 – MAJOR IMPROVEMENT AREA BOUNDARY MAP



PLOTTED BY: [Name]
 DATE: [Date]
 TIME: [Time]

EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs	Improvement Area #1 [a]	Improvement Area #2 [a]	Major Improvement Area [b]
<i>Major Improvements</i>				
Wastewater Treatment Plant Phase 1	\$ 5,119,898	\$ 799,087	\$ 763,720	\$ 3,557,091
Roadway	3,115,626	486,270	464,749	2,164,607
Kimbro ROW Acquisition	47,348	7,390	7,063	32,895
Soft Costs [c]	1,242,431	193,912	185,330	863,189
	\$ 9,525,302	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
<i>Improvement Area #1 Improvements</i>				
Water	\$ 877,624	\$ 877,624	\$ -	\$ -
Wastewater	761,450	761,450	-	-
Drainage	1,147,364	1,147,364	-	-
Roadway	3,462,805	3,462,805	-	-
Trails	59,850	59,850	-	-
Soft Costs	163,600	163,600	-	-
	\$ 6,472,693	\$ 6,472,693	\$ -	\$ -
<i>Improvement Area #2 Improvements</i>				
Water	\$ 895,023	\$ -	\$ 895,023	\$ -
Wastewater	1,119,316.00	-	1,119,316	-
Drainage	1,164,737.00	-	1,164,737	-
Roadway	4,889,701.55	-	4,889,702	-
Trails	-	-	-	-
Soft Costs	320,400.00	-	320,400	-
	\$ 8,389,178	\$ -	\$ 8,389,178	\$ -
<i>Bond Issuance Costs and District Formation Expenses</i>				
Debt Service Reserve Fund [d]	\$ 882,950	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest [d]	874,475	179,621	171,671	523,183
Underwriter Discount [d]	392,850	92,113	88,037	212,700
Cost of Issuance [d]	785,700	184,227	176,073	425,400
First Year Annual Collection Costs [d]	60,000	15,339	14,661	30,000
	\$ 2,995,975	\$ 666,329	\$ 636,838	\$ 1,692,808
Total	\$ 27,383,147	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

Notes:

[a] Costs were determined by construction contracts provided by Kimley-Horn and Associates dated 1/8/2021.

[b] Costs were determined by Excel Construction Services bid for Wastewater Treatment Plant Phase 1 Improvements dated 11/9/2020 and construction contract provided by Kimley-Horn and Associates dated 1/8/2021 for Roadways Improvements.

[c] Soft costs estimated at 15% of hard costs, inclusive of a 4% construction management fee.

[d] Costs associated with the issuance of Improvement Area #1 bonds were allocated between Improvement Area # 1 and Improvement Area #2 on a pro rata basis based on the amount of Assessments levied.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 53,688	\$ 56,245	\$ 58,801
Interest		41,451	138,170	138,170	135,754	133,223
Capitalized Interest		(41,451)	(138,170)	-	-	-
	(1)	\$ -	\$ -	\$ 191,858	\$ 191,999	\$ 192,024
Annual Collection Costs	(2)	\$ -	\$ 15,646	\$ 15,959	\$ 16,278	\$ 16,604
Additional Interest Reserve	(3)	\$ -	\$ 15,352	\$ 15,352	\$ 15,084	\$ 14,803
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 30,998	\$ 223,170	\$ 223,361	\$ 223,431

Improvement Area #2						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 51,312	\$ 53,755	\$ 56,199
Interest		39,616	132,055	132,055	129,746	127,327
Capitalized Interest		(39,616)	(132,055)	-	-	-
	(1)	\$ -	\$ -	\$ 183,367	\$ 183,501	\$ 183,526
Annual Collection Costs	(2)	\$ -	\$ 14,954	\$ 15,253	\$ 15,558	\$ 15,869
Additional Interest Reserve	(3)	\$ -	\$ 14,673	\$ 14,673	\$ 14,416	\$ 14,147
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 29,627	\$ 213,292	\$ 213,475	\$ 213,542

Major Improvement Area						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 105,000	\$ 110,000	\$ 115,000
Interest		133,233	389,950	389,950	384,175	378,125
Capitalized Interest		(133,233)	(389,950)	-	-	-
	(1)	\$ -	\$ -	\$ 494,950	\$ 494,175	\$ 493,125
Annual Collection Costs	(2)	\$ -	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473
Additional Interest Reserve	(3)	\$ -	\$ 35,450	\$ 35,450	\$ 34,925	\$ 34,375
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 66,050	\$ 561,612	\$ 560,936	\$ 559,973

EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Improvement Area #2	Major Improvement Area
Sources of Funds			
Improvement Area #1-2 Bond Par	\$ 3,070,446	\$ 2,934,554	\$ -
Major Improvement Area Bond Par	-	-	7,090,000
Owner Contribution	5,555,234	7,512,324	1,220,589
Total Sources	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589
Uses of Funds			
Major Improvements	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
Improvement Area #1 Improvements	6,472,693	-	-
Improvement Area #2 Improvements	-	8,389,178	-
	<u>\$ 7,959,352</u>	<u>\$ 9,810,039</u>	<u>\$ 6,617,781</u>
<i>Bond Issuance Costs and District Formation Expenses</i>			
Debt Service Reserve Fund	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest	179,621	171,671	523,183
Underwriter Discount	92,113	88,037	212,700
Cost of Issuance	184,227	176,073	425,400
First Year Annual Collection Costs	15,339	14,661	30,000
	<u>\$ 666,329</u>	<u>\$ 636,838</u>	<u>\$ 1,692,808</u>
Total Uses	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 1	Open Space	\$ -	\$ -
	Manor Heights - Phase 1, Section 1	Block A, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 35	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 36	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 37	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 38	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 39	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 40	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 41	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 42	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 43	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 44	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 45	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 46	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 47	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 48	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 49	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 50	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 51	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 52	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 53	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 54	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 55	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 56	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 57	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 58	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 59	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 60	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 61	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 62	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 63	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 64	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 65	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 66	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 67	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 68	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 69	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 70	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 71	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 72	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 73	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 74	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 75	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 76	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 77	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 78	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 79	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 80	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block A, Lot 81	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 82	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 83	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 84	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 85	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 86	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 87	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 88	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 89	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 90	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 91	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 92	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 93	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 94	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 95	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 96	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 97	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 98	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 99	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 100	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block B, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 20	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block B, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 26	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block B, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 1	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 5	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 11	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 17	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
Manor Heights - Phase 1, Section 1		Block D, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 1	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 2	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 3	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 4	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 5	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 6	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 7	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 8	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 9	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 10	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 11	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 12	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 13	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 14	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 15	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 16	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 17	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 25	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 26	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 27	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 28	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 29	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 30	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 31	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 32	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 33	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block E, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block F, Lot 32	1	11,630.48	117.42
Total				\$ 3,070,446.48	\$ 30,998.47

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #1 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #1 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 41,451.03	\$ -	\$ -	\$ (41,451.03)	\$ -
2022	-	138,170.09	15,646.24	15,352.23	(138,170.09)	30,998.47
2023	53,688.07	138,170.09	15,959.16	15,352.23	-	223,169.56
2024	56,244.65	135,754.13	16,278.35	15,083.79	-	223,360.92
2025	58,801.22	133,223.12	16,603.91	14,802.57	-	223,430.82
2026	61,357.80	130,577.06	16,935.99	14,508.56	-	223,379.42
2027	63,914.37	127,815.96	17,274.71	14,201.77	-	223,206.82
2028	66,470.95	124,939.82	17,620.21	13,882.20	-	222,913.17
2029	69,027.52	121,948.62	17,972.61	13,549.85	-	222,498.60
2030	71,584.10	118,842.39	18,332.06	13,204.71	-	221,963.25
2031	76,697.25	115,621.10	18,698.70	12,846.79	-	223,863.84
2032	79,253.82	112,169.72	19,072.68	12,463.30	-	222,959.53
2033	81,810.40	108,603.30	19,454.13	12,067.03	-	221,934.86
2034	86,923.55	104,921.83	19,843.21	11,657.98	-	223,346.58
2035	89,480.12	101,010.28	20,240.08	11,223.36	-	221,953.84
2036	94,593.27	96,983.67	20,644.88	10,775.96	-	222,997.78
2037	99,706.42	92,726.97	21,057.78	10,303.00	-	223,794.17
2038	102,263.00	88,240.18	21,478.93	9,804.46	-	221,786.58
2039	107,376.15	83,638.35	21,908.51	9,293.15	-	222,216.16
2040	112,489.30	78,806.42	22,346.68	8,756.27	-	222,398.67
2041	117,602.45	73,744.40	22,793.62	8,193.82	-	222,334.29
2042	122,715.60	68,452.29	23,249.49	7,605.81	-	222,023.19
2043	127,828.75	62,930.09	23,714.48	6,992.23	-	221,465.55
2044	135,498.47	57,177.80	24,188.77	6,353.09	-	223,218.12
2045	140,611.62	51,080.37	24,672.54	5,675.60	-	222,040.13
2046	148,281.35	44,752.84	25,165.99	4,972.54	-	223,172.72
2047	153,394.50	38,080.18	25,669.31	4,231.13	-	221,375.12
2048	161,064.22	31,177.43	26,182.70	3,464.16	-	221,888.51
2049	168,733.94	23,929.54	26,706.35	2,658.84	-	222,028.68
2050	176,403.67	16,336.51	27,240.48	1,815.17	-	221,795.83
2051	186,629.97	8,398.35	27,785.29	933.15	-	223,746.76
Total	\$ 3,070,446.48	\$ 2,669,673.96	\$ 634,737.84	\$ 292,024.77	\$ (179,621.12)	\$ 6,487,261.94

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H – IMPROVEMENT AREA #2 ASSESSMENT ROLL

Parcel ID	Legal Description	Improvement Area #2	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248146	Improvement Area #2 Initial Parcel	\$ 732,948.00	\$ 7,399.66
902644	Improvement Area #2 Initial Parcel	\$ 2,201,605.51	\$ 22,226.87
Total		\$ 2,934,553.52	\$ 29,626.53

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #2 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #2 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT I – IMPROVEMENT AREA #2 ANNUAL INSTALLMENT

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 39,616.47	\$ -	\$ -	\$ (39,616.47)	\$ -
2022	-	132,054.91	14,953.76	14,672.77	(132,054.91)	29,626.53
2023	51,311.93	132,054.91	15,252.84	14,672.77	-	213,292.44
2024	53,755.35	129,745.87	15,557.89	14,416.21	-	213,475.32
2025	56,198.78	127,326.88	15,869.05	14,147.43	-	213,542.14
2026	58,642.20	124,797.94	16,186.43	13,866.44	-	213,493.01
2027	61,085.63	122,159.04	16,510.16	13,573.23	-	213,328.05
2028	63,529.05	119,410.18	16,840.36	13,267.80	-	213,047.40
2029	65,972.48	116,551.38	17,177.17	12,950.15	-	212,651.18
2030	68,415.90	113,582.61	17,520.71	12,620.29	-	212,139.52
2031	73,302.75	110,503.90	17,871.13	12,278.21	-	213,955.99
2032	75,746.18	107,205.28	18,228.55	11,911.70	-	213,091.70
2033	78,189.60	103,796.70	18,593.12	11,532.97	-	212,112.39
2034	83,076.45	100,278.17	18,964.99	11,142.02	-	213,461.62
2035	85,519.88	96,539.72	19,344.28	10,726.64	-	212,130.52
2036	90,406.73	92,691.33	19,731.17	10,299.04	-	213,128.27
2037	95,293.58	88,623.03	20,125.79	9,847.00	-	213,889.40
2038	97,737.00	84,334.82	20,528.31	9,370.54	-	211,970.66
2039	102,623.85	79,936.65	20,938.88	8,881.85	-	212,381.23
2040	107,510.70	75,318.58	21,357.65	8,368.73	-	212,555.67
2041	112,397.55	70,480.60	21,784.81	7,831.18	-	212,494.13
2042	117,284.40	65,422.71	22,220.50	7,269.19	-	212,196.80
2043	122,171.25	60,144.91	22,664.91	6,682.77	-	211,663.84
2044	129,501.53	54,647.20	23,118.21	6,071.91	-	213,338.85
2045	134,388.38	48,819.63	23,580.58	5,424.40	-	212,212.99
2046	141,718.65	42,772.16	24,052.19	4,752.46	-	213,295.46
2047	146,605.50	36,394.82	24,533.23	4,043.87	-	211,577.42
2048	153,935.78	29,797.57	25,023.90	3,310.84	-	212,068.08
2049	161,266.06	22,870.46	25,524.37	2,541.16	-	212,202.05
2050	168,596.33	15,613.49	26,034.86	1,734.83	-	211,979.51
2051	178,370.03	8,026.65	26,555.56	891.85	-	213,844.09
Total	\$ 2,934,553.52	\$ 2,551,518.54	\$ 606,645.38	\$ 279,100.23	\$ (171,671.38)	\$ 6,200,146.28

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT J – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Parcel ID	Legal Description	Major Improvement Area	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248072	Major Improvement Area Initial Parcel	\$ 1,696,907.14	\$ 15,808.28
248122	Major Improvement Area Initial Parcel	1,447,037.94	13,480.52
477399	Major Improvement Area Initial Parcel	525,863.99	4,898.92
704716	Major Improvement Area Initial Parcel	385,813.77	3,594.22
816122	Major Improvement Area Initial Parcel	51,232.12	477.28
236952	Major Improvement Area Initial Parcel	650,303.85	6,058.19
248120	Major Improvement Area Initial Parcel	1,889,902.64	17,606.22
248146	Major Improvement Area Initial Parcel	442,938.55	4,126.39
Total		\$ 7,090,000.00	\$ 66,050.00

Note: For billing purposes only, until a plat has been recorded within the Major Improvement Area Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Major Improvement Area Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT K – MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 133,232.92	\$ -		\$ (133,232.92)	\$ -
2022	-	389,950.00	30,600.00	35,450.00	(389,950.00)	66,050.00
2023	105,000.00	389,950.00	31,212.00	35,450.00	-	561,612.00
2024	110,000.00	384,175.00	31,836.24	34,925.00	-	560,936.24
2025	115,000.00	378,125.00	32,472.96	34,375.00	-	559,972.96
2026	120,000.00	371,800.00	33,122.42	33,800.00	-	558,722.42
2027	130,000.00	365,200.00	33,784.87	33,200.00	-	562,184.87
2028	135,000.00	358,050.00	34,460.57	32,550.00	-	560,060.57
2029	145,000.00	350,625.00	35,149.78	31,875.00	-	562,649.78
2030	150,000.00	342,650.00	35,852.78	31,150.00	-	559,652.78
2031	160,000.00	334,400.00	36,569.83	30,400.00	-	561,369.83
2032	170,000.00	325,600.00	37,301.23	29,600.00	-	562,501.23
2033	175,000.00	316,250.00	38,047.25	28,750.00	-	558,047.25
2034	185,000.00	306,625.00	38,808.20	27,875.00	-	558,308.20
2035	195,000.00	296,450.00	39,584.36	26,950.00	-	557,984.36
2036	210,000.00	285,725.00	40,376.05	25,975.00	-	562,076.05
2037	220,000.00	274,175.00	41,183.57	24,925.00	-	560,283.57
2038	230,000.00	262,075.00	42,007.24	23,825.00	-	557,907.24
2039	245,000.00	249,425.00	42,847.39	22,675.00	-	559,947.39
2040	260,000.00	235,950.00	43,704.34	21,450.00	-	561,104.34
2041	275,000.00	221,650.00	44,578.42	20,150.00	-	561,378.42
2042	290,000.00	206,525.00	45,469.99	18,775.00	-	560,769.99
2043	305,000.00	190,575.00	46,379.39	17,325.00	-	559,279.39
2044	325,000.00	173,800.00	47,306.98	15,800.00	-	561,906.98
2045	340,000.00	155,925.00	48,253.12	14,175.00	-	558,353.12
2046	360,000.00	137,225.00	49,218.18	12,475.00	-	558,918.18
2047	380,000.00	117,425.00	50,202.54	10,675.00	-	558,302.54
2048	405,000.00	96,525.00	51,206.59	8,775.00	-	561,506.59
2049	425,000.00	74,250.00	52,230.73	6,750.00	-	558,230.73
2050	450,000.00	50,875.00	53,275.34	4,625.00	-	558,775.34
2051	475,000.00	26,125.00	54,340.85	2,375.00	-	557,840.85
Total	\$ 7,090,000.00	\$ 7,801,332.92	\$ 1,241,383.22	\$ 697,100.00	\$ (523,182.92)	\$ 16,306,633.22

[a] Interest is calculated at a 5.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-1 – LOT TYPE 1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-2 – LOT TYPE 2 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT L-3 – LOT TYPE 3 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 159.77	\$ -	\$ -	\$ (159.77)	\$ -
2022	-	532.55	60.31	59.17	(532.55)	119.48
2023	206.93	532.55	61.51	59.17	-	860.17
2024	216.79	523.24	62.74	58.14	-	860.91
2025	226.64	513.49	64.00	57.05	-	861.18
2026	236.49	503.29	65.28	55.92	-	860.98
2027	246.35	492.65	66.58	54.74	-	860.31
2028	256.20	481.56	67.91	53.51	-	859.18
2029	266.06	470.03	69.27	52.23	-	857.58
2030	275.91	458.06	70.66	50.90	-	855.52
2031	295.62	445.64	72.07	49.52	-	862.85
2032	305.47	432.34	73.51	48.04	-	859.36
2033	315.32	418.59	74.98	46.51	-	855.41
2034	335.03	404.40	76.48	44.93	-	860.85
2035	344.89	389.33	78.01	43.26	-	855.48
2036	364.59	373.81	79.57	41.53	-	859.51
2037	384.30	357.40	81.16	39.71	-	862.58
2038	394.16	340.11	82.79	37.79	-	854.84
2039	413.86	322.37	84.44	35.82	-	856.50
2040	433.57	303.75	86.13	33.75	-	857.20
2041	453.28	284.24	87.85	31.58	-	856.95
2042	472.99	263.84	89.61	29.32	-	855.75
2043	492.69	242.55	91.40	26.95	-	853.60
2044	522.26	220.38	93.23	24.49	-	860.36
2045	541.96	196.88	95.10	21.88	-	855.82
2046	571.53	172.49	97.00	19.17	-	860.18
2047	591.23	146.77	98.94	16.31	-	853.25
2048	620.80	120.17	100.92	13.35	-	855.23
2049	650.36	92.23	102.94	10.25	-	855.77
2050	679.92	62.97	104.99	7.00	-	854.87
2051	719.33	32.37	107.09	3.60	-	862.39
Total	\$ 11,834.52	\$ 10,289.81	\$ 2,446.49	\$ 1,125.56	\$ (692.32)	\$ 25,004.07

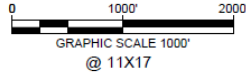
[a] Interest is calculated at a 4.50% rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT M – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Units	Total Assessment	Maximum Assessment
1	264	\$ 3,070,446.48	\$11,630.48 per Unit
2	176	2,046,964.32	\$11,630.48 per Unit
3	75	887,589.19	\$11,834.52 per Unit
Total		\$ 6,005,000.00	

EXHIBIT N – LOT TYPE CLASSIFICATION MAP



LEGEND

	BOUNDARY
	SECTION LINE
	IA #1
	IA #2
	50' LOT
	55' LOT

Manor Heights Improvement Areas			
Lot Width	IA #1	IA #2	Overall
	Lot Count	Lot Count	Lot Count
50'	264	176	440
55'	0	75	75
Total Lots	264	251	515

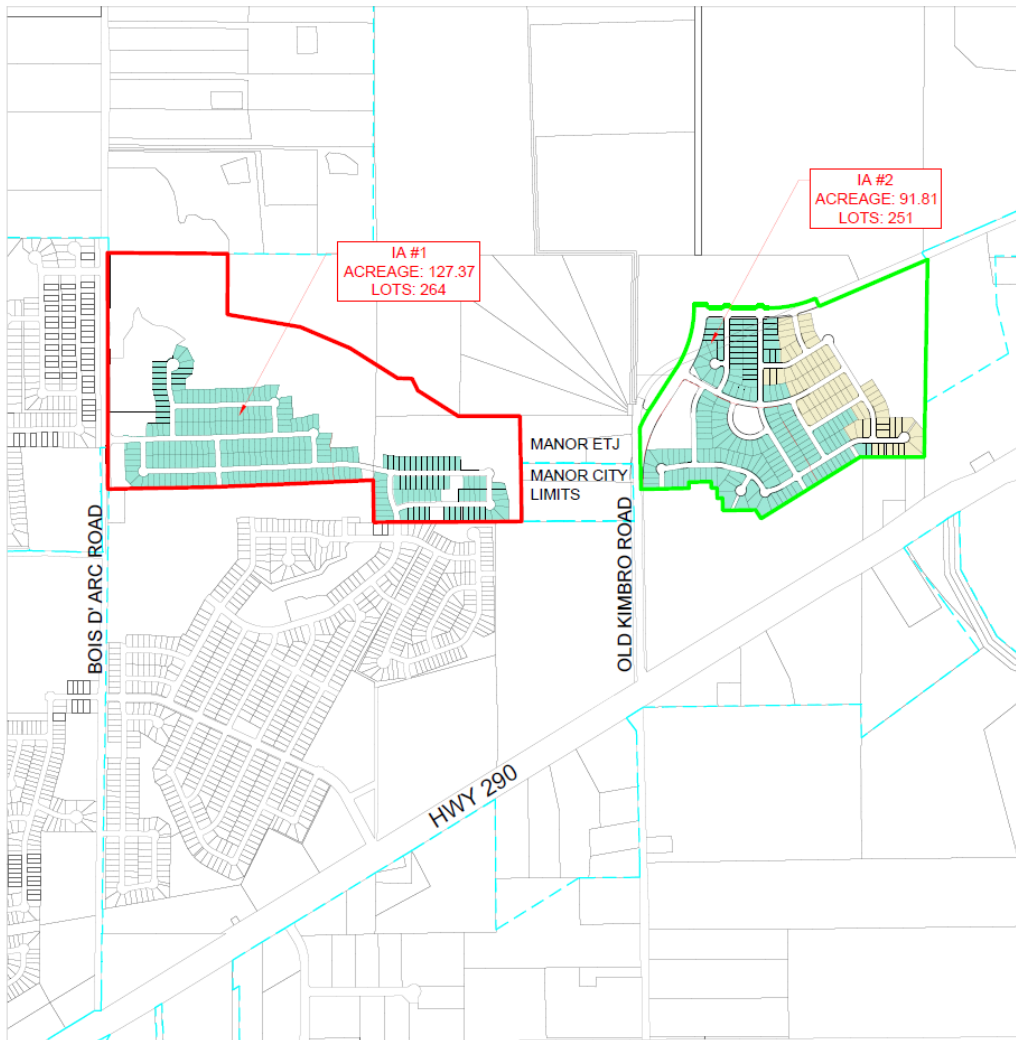


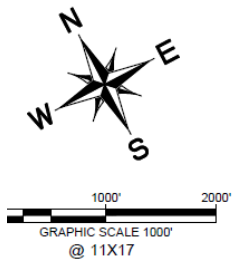
EXHIBIT N -LOT TYPE CLASSIFICATION

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn

10114 JOYVILLE
BULLHEAD, SUITE 200
AUSTIN, TEXAS 78719
512-798-1771
State of Texas Registration No. P-928
K:\2021\PROJECTS\2021\20210215\20210215.DWG

EXHIBIT O – MAP OF AUTHORIZED IMPROVEMENTS



LEGEND

	IA #1	— ww —	WASTEWATER LINE (8" UNLESS NOTED)
	IA #2	— w —	WATER LINE (8" UNLESS NOTED)
	MAJOR IMPROVEMENT AREA	— FM —	FORCE MAIN
	ROADWAY	—	STORM SEWER
	MAD4		

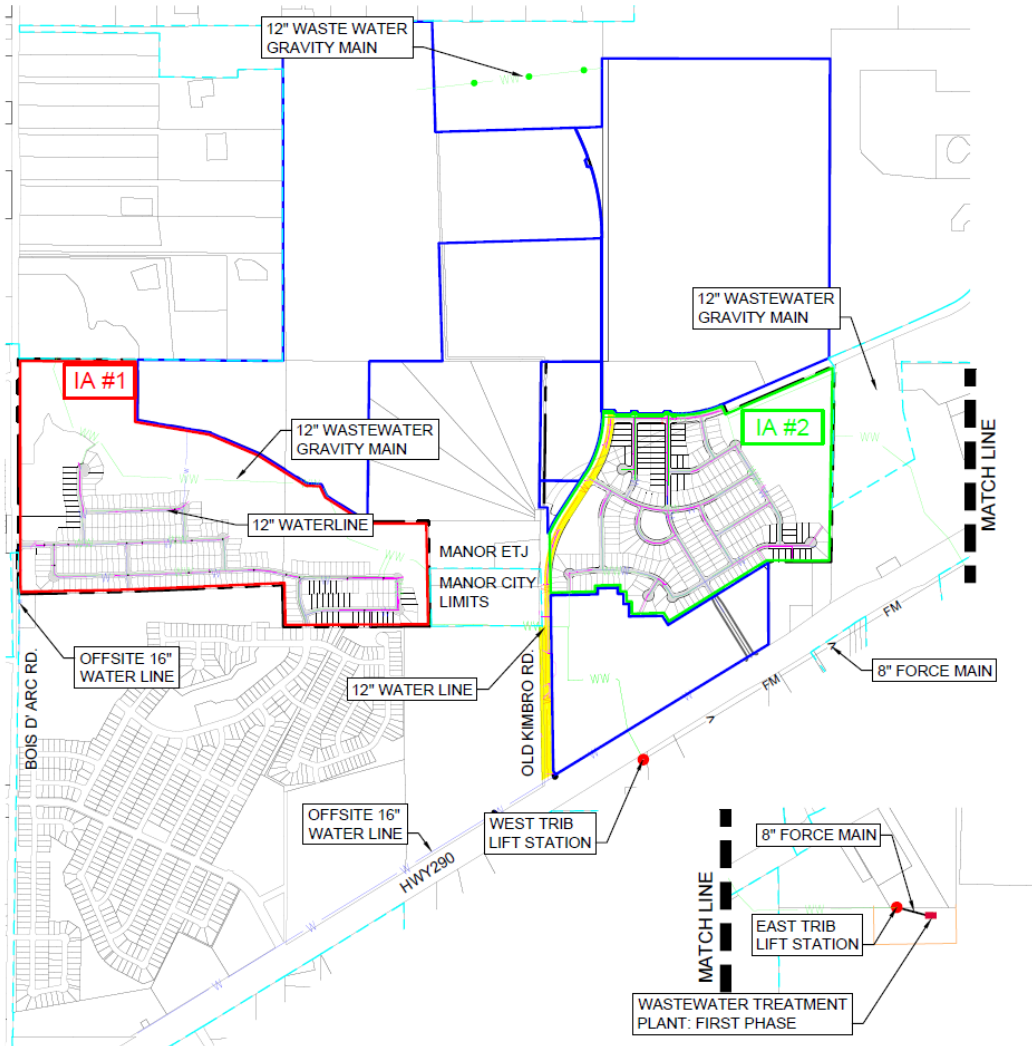


EXHIBIT O - MAP OF AUTHORIZED IMPROVEMENTS

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn

12814 Jollyville
Building 4, Suite 200
Austin, Texas 78759
512-719-1771
State of Texas Registration No. P-928
18726119/2282758/25815512/2818/5475/5

EXHIBIT P – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Travis County Clerk's Office
Honorable [County Clerk Name]
5501 Airport Boulevard
Austin, Texas 78751

Re: City of Manor Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Manor is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Manor
Attn: [City Secretary]
105 E. Eggleston Street
Manor, TX 78653

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]
105 E. Eggleston Street
Manor, TX 78653

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Manor, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Manor, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about November 7, 2018, the City Council for the City, approved Resolution No. 2018-10, creating the Manor Heights Public Improvement District; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11 adopted by the City Council on October 7, 2020; and

WHEREAS, the Manor Heights Public Improvement District consists of approximately 602.9 contiguous acres located within the City; and

WHEREAS, on or about [REDACTED], the City Council, approved Ordinance No. [REDACTED], (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Manor Heights Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of \$ _____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Travis County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Travis County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Travis County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF MANOR, TEXAS,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS	§
	§
COUNTY OF TRAVIS	§

This instrument was acknowledged before me on the ____ day of _____, 20__, by [Manager Name], City Manager for the City of Manor, Texas, on behalf of said municipality.

Notary Public, State of Texas

**EXHIBIT Q – ESTIMATED BUILDOUT VALUE FOR MAJOR IMPROVEMENT AREA,
IMPROVEMENT AREA #1, AND IMPROVEMENT AREA #2**

	Units		Estimated Buildout Value	Total Buildout Value	% of Estimated Buildout Value
<i>Improvement Area #1</i>					
50'	264	lots	\$ 285,000	\$ 75,240,000	
				\$ 75,240,000	15.61%
<i>Improvement Area #2</i>					
50'	176	lots	\$ 285,000	\$ 50,160,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
	251			\$ 71,910,000	14.92%
<i>Major Improvement Area</i>					
50'	516	lots	\$ 285,000	\$ 147,060,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
60'	144	lots	\$ 300,000	\$ 43,200,000	
Condos	370	units	\$ 204,000	\$ 75,480,000	
Office	68,999	SqFt	\$ 200	\$ 13,799,800	
Restaurant	17,250	SqFt	\$ 200	\$ 3,450,000	
Retail	150,935	SqFt	\$ 200	\$ 30,187,000	
				\$ 334,926,800	69.48%
				\$ 482,076,800	100.00%

EXHIBIT R – IMPROVEMENT AREA #1-2 BOND DEBT SERVICE SCHEDULE

EXHIBIT S – MAJOR IMPROVEMENT AREA BOND DEBT SERVICE SCHEDULE

Exhibit “C-1”

PROPOSED AUTHORIZED IMPROVEMENTS

A. Major Improvements

- *Wastewater Treatment Plant Phase 1*

Improvements designed and constructed in accordance with 30 TAC Chapter 217 Rules with a nominal treatment capacity of 200,000 gallons per day.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways part of the MAD4 collector roads. All related earthwork, excavation, erosion control, demolition and paving are included.

- *Kimbrow ROW Acquisition*

Improvements including easements needed for relocating the existing Manville water line conflicting with Old Kimbro Road widening.

- *Soft Costs*

Estimated to be 15% of above-described hard costs, inclusive of a 4% construction management fee.

B. Improvement Area #1 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork,

excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #1.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

- *Trails*

Improvements include approximately 5' wide crushed granite trails along the proposed public parkland to be dedicated to the City.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #1 Improvements including permits, fees and fiscals.

C. Improvement Area #2 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #2.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #2.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #2.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps,

and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #2.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #2 Improvements including permits, fees and fiscals.

Exhibit “D”
FORM OF CERTIFICATION FOR PAYMENT
[IMPROVEMENT AREA # ____][MAJOR IMPROVEMENT AREA]
(Design – Manor Heights)

_____ (“Construction Manager”) hereby requests payment for the percentage of design costs completed (the “Design Costs”) described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Manor Heights Public Improvement District Financing and Reimbursement Agreement between Forestar (USA) Real Estate Group Inc., a Delaware corporation, and the City of Manor (the “City”), dated as of _____ (the “Finance Agreement”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The design work described in Attachment A has been completed in the percentages stated therein.
3. The true and correct Design Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
4. Attached hereto as Attachment B is a true and correct copy of a bills-paid affidavit evidencing that any contractor or subcontractor having performed design work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
5. Attached hereto as Attachment C are invoices, receipts, worksheets, and other evidence of costs which are in sufficient detail to allow the City to verify the Design Costs for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to be
added]

APPROVAL BY THE CITY

The Design described in Attachment A has been reviewed, verified, and approved by the City Construction Representative. Payment of the Design Costs is hereby approved.

Date: _____

CITY OF MANOR, TEXAS

By: _____

ATTACHMENT B TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – receipts]

FORM OF CERTIFICATION FOR PAYMENT
[IMPROVEMENT AREA # ____][MAJOR IMPROVEMENT AREA]
(Construction – Manor Heights)

_____ (“Construction Manager”) hereby requests payment of the Actual Cost of the work described in Attachment A attached hereto (the “Draw Actual Costs”). Capitalized undefined terms shall have the meanings ascribed thereto in the Manor Heights Public Improvement District Financing and Reimbursement Agreement between Forestar (USA) Real Estate Group Inc., a Delaware corporation, and the City of Manor (the “City”) dated as of _____. In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.

2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.

3. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.

4. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs of each Segment for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to
Be inserted]

JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

Project Engineer

APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A has been reviewed, verified and approved by the City Construction Representative of the City. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: _____

CITY OF MANOR, TEXAS

By: _____

ATTACHMENT A TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

Jurisdiction Name: Travis County
 Ball's Fortuna Public Improvement District
 Certification of Payment #: _____
 Date: _____

Reimbursement Detail						Required Documents (Completed By Administrator)			Allocation to Project Accounts		
Vendor	Description of Work	Invoice Number	Check Number	Date Paid	Amount	Invoice	Cancelled Check	Lien Release or All Bills Paid Affidavit	Project Category #1	Project Category #2	Project Category
					\$ -				\$ -	\$ -	\$ -
					\$ -				\$ -	\$ -	\$ -
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					\$ -				\$ -	\$ -	\$ -
					Total			(1)	\$	-	\$
					Original Budget			(2)	\$	-	\$
					Budget Revisions			(3)	\$	-	\$
					Revised Budget			(4) = (2) + (3)	\$	-	\$
					LESS: Drawn to Date			(5)	\$	-	\$
					LESS: This Draw			= (1)	\$	-	\$
					Remaining Budget			(6) = (4) - (5) - (1)	\$	-	\$

ATTACHMENT B TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[bills paid affidavit – attached]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[receipts – attached]

Exhibit "E"

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is a lawfully authorized representative for FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation, (the "Owner") and requests payment from the [] Costs of Issuance Account of the Project Fund (as defined in the Manor Heights Public Improvement District Financing Agreement between Owner and the City of Manor, Texas (the "City")) from _____ (the "Trustee") in the amount of _____ (\$ _____) to be transferred from the [_____ Costs of Issuance Account of the Project Fund] upon the delivery of the [_____ Bonds] for costs incurred in the establishment, administration, and operation of the Manor Heights Public Improvement District (the "District"), as follows.

In connection to the above referenced payment, the Owner represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Owner, is qualified to execute this Closing Disbursement Request on behalf of the Owner, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Owner with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan. The itemized costs are as follows:

[insert itemized list of costs here]

TOTAL REQUESTED: \$ _____

4. The Owner is in compliance with the terms and provisions of the Manor Heights Public Improvement District Financing and Reimbursement Agreement, the Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and [the Major Acquisition and Reimbursement Agreement or IA Acquisition and Reimbursement Agreement for _____] for the payment hereby requested have been satisfied.

6. The Owner agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete its review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions]

I hereby declare that the above representations and warranties are true and correct.

**FORESTAR (USA) REAL ESTATE GROUP,
INC.**

a Delaware corporation

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the [____] Costs of Issuance Account upon delivery of the Bonds.

CITY OF MANOR, TEXAS

By: _____
Name: _____
Title: _____

Exhibit “F”

Intentionally Deleted

Exhibit “G”

HOME BUYER DISCLOSURE PROGRAM

1. A Builder¹ for an Assessed Property shall provide each residential homebuyer with the “Notice of Obligation to Pay Public Improvement District Assessment to the City”, the form of which is attached hereto as Exhibit “G-1”.
2. A Builder for an Assessed Property shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the City upon receipt of written request by the City or the Builder which sets forth the County’s mailing address and other contact information.
3. A Builder for an Assessed Property shall prominently display signage provided by the Owner or the Administrator in the Builder’s model homes, if any, located within the Property.
4. If prepared and provided by the City and approved by Owner (such approval not to be unreasonably withheld), a Builder for an Assessed Property shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. A Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership Actual Costs for prospective homebuyers for an Assessed Property.
6. The Owner must post signage along the main entry/exits located at the boundaries of the District that identifies the area as a public improvement district. All signage shall be clearly visible to all motorists entering and exiting the District.

¹ Builder” means a commercial builder who is in the business of constructing and/or selling residences to individual home buyers.

Exhibit "G-1"

MANOR HEIGHTS PID – LOT TYPE []: HOMEBUYER DISCLOSURE

NOTICE OF OBLIGATION TO PAY
PUBLIC IMPROVEMENT DISTRICT ASSESSMENTS
TO THE CITY OF MANOR, TEXAS

CONCERNING THE PROPERTY AT:

STREET ADDRESS

OUTSTANDING PRINCIPAL OF ASSESSMENT FOR AUTHORIZED
IMPROVEMENT: \$[]

As the purchaser of the real property located at the street address set forth above, you are obligated to pay assessments to Travis County, Texas, for the Actual Costs of a portion of Authorized Improvements (the "Authorized Improvements"), undertaken for the benefit of the property within the "Manor Heights Public Improvement District" (the "District"), also known as "Manor Heights", created under Subchapter A, Chapter 372, Local Government Code, as amended.

THE OUTSTANDING PRINCIPAL OF THE ASSESSMENT AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS IS [\$] , WHICH MAY BE PAID IN FULL AT ANY TIME; HOWEVER, IF NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS WHICH MAY VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION ACTUAL COSTS, ADMINISTRATIVE ACTUAL COSTS, AND DELINQUENCY ACTUAL COSTS.

An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.** The exact amount of the annual installments, including the annual installments thereof, will be approved each year by the City Council of the City of Manor, Texas in the Annual Service Plan Update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Manor, Texas.

You may ask your mortgage company to include the Annual Installments in your monthly escrow payment.

Your failure to pay any assessment, or any annual installment thereof, may result in penalties and interest being added to what you owe and could result in a lien on and the foreclosure of your property.

The undersigned purchaser acknowledges receipt of the foregoing notice prior to the effective date of a binding contract for the purchase of the real property at the street address set forth above.

IN WITNESS WHEREOF, I have signed this certificate on the date specified below my signature.

PURCHASER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF TEXAS §

§

TRAVIS COUNTY §

§

The foregoing instrument was acknowledged before me by _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

STATE OF TEXAS §

§

TRAVIS COUNTY §

§

The foregoing instrument was acknowledged before me by _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

PROJECTED ANNUAL INSTALLMENTS – LOT TYPE []

[WILL INSERT SCHEDULE OF PROJECTED ANNUAL INSTALLMENTS ONCE
FINALIZED]

Exhibit "H"

COMPLETION AGREEMENT

[See Attached]

COMPLETION AGREEMENT

THIS COMPLETION AGREEMENT (herein, this “*Agreement*”) is made effective [DATE], 2020, by and between FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation (together with its successors, assigns, the “*Developer*”), and the CITY OF MANOR, TEXAS (the “*City*”).

RECITALS

WHEREAS, the Developer is the majority owner and developer of lands within the boundary of the Manor Heights Public Improvement District (the “*District*”) established by the City, as more particularly described in Exhibit A attached hereto and incorporated by referenced herein (the “*Property*”);

WHEREAS, the Property is subject to that certain *Development Agreement* dated as of November 7, 2018 (as amended, the “*Development Agreement*”);

WHEREAS, pursuant to the Development Agreement, the City and the Developer have agreed to certain terms relating to the construction and funding of certain infrastructure improvements, including but not limited to the MAD4 Roadway (the “*Designated Improvements*”);

WHEREAS, the Developer is a wholly-owned subsidiary of Forestar Group Inc. (“*Forestar Group*”), a publicly traded residential lot development company listed on the New York Stock Exchange under the ticker symbol “FOR”;

WHEREAS, in order to ensure that the Designated Improvements are completed and funding is available in a timely manner to provide for their completion, the Developer has agreed in the Second Amendment to the Development Agreement to enter into this Agreement to provide further assurances to the City that the Designated Improvements will be completed and Developer has the funds to complete the Designated Improvements; and

NOW, THEREFORE, based upon the above recitals and other good and valuable consideration, the receipt of which and sufficiency of which is hereby acknowledged, the Developer and the City, agree as follows:

1. **INCORPORATION OF RECITALS; CAPITALIZATION.** The recitals stated above are true and correct and are incorporated by reference as a material part of this Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Development Agreement.

2. **COMPLETION OF AUTHORIZED IMPROVEMENTS.**

(i) In addition to all of the other terms and conditions set forth in the Development Agreement, in order to assure the completion of the Designated Improvements, the Developer agrees, no later than ten (10) business days after written request of the City, to provide evidence to the City (“*Evidence of Available Funds*”) that sufficient funds are available to the Developer to fund the completion of the Designated Improvements. In response to any such request, the

Developer may provide Evidence of Available Funds by timely delivering a letter that directs the City to that portion of Forestar Group's most recent filing with the United States Securities and Exchange Commission (the "**SEC**") stating either that Forestar Group (a) is in compliance with the covenants, limitations and restrictions in its unsecured revolving credit facility, as described in Forestar Group's 2019 Form 10-K annual report filed with the SEC, or (b) maintains cash and equivalents in an amount that equals or exceeds the estimated amount to complete the Designated Improvements.

(ii) The City has no responsibility for and no duty to verify the accuracy of any Evidence of Available Funds submitted pursuant to this Section 2.

3. DEVELOPER DEFAULT; PROTECTION AGAINST THIRD PARTY INTERFERENCE.

In the event the Developer does not comply with the terms of this Agreement, the City or its designee shall have the right to seek specific performance from a court of competent jurisdiction in order to ensure the Designated Improvements are completed as soon thereafter as reasonably possible.

4. AMENDMENTS. Amendments to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing which is executed by both the City and the Developer.

5. AUTHORIZATION; CONSENT. The execution of this Agreement has been duly authorized by the City and the Developer, and both the City and the Developer have full power and authority to comply with the terms and provisions of this instrument.

6. NOTICES. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be (as elected by the person giving such notice) hand-delivered by prepaid express overnight courier or messenger service, facsimile or, or mailed (airmail if international) by registered or certified (postage prepaid), return receipt requested with delivery via email confirming mailing thereof, to the following addresses:

City:

City of Manor
Attn: City Manager
105 East Eggleston Street
Manor, Texas 78653

With copy to:

The Knight Law Firm, LLP
Attn: Paige Saenz
223 West Anderson Lane, Suite A-105
Austin, Texas 78752

Developer:

Forestar (USA) Real Estate Group, Inc.
Attn: John Maberry & Matt Stark
10700 Pecan Park Blvd. Suite 150
Austin, Texas 78750

With a copy to:

Metcalf Wolff Stuart Williams, LLP
Attn: Talley J. Williams
221 West 6th Street, Suite 1300
Austin, Texas 78701

Except as otherwise provided in this Agreement, any mailed notice sent in the manner provided above shall be deemed received three (3) business days after delivery or mailing. Notices delivered after 5:00 PM (at the place of delivery) or on a non-business day shall be deemed received the next business day. If any time for giving notice contained in this Agreement would otherwise expire on a non-business day, the notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Any party or other person to whom notices are to be sent or copied may notify the other parties and addressees of any changes in name or address to which notices shall be sent by providing the same on five (5) days written notice to the parties and addressees set forth herein.

7. THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the City, and the Developer, and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation, other than the City and the Developer, any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon the City and the Developer and their respective representatives, successors, and assigns.

8. SUCCESSORS. The rights and obligations created by this Agreement shall be binding upon and inure to the benefit of Developer, and its successors and assigns, subject to Section 15 below.

9. ASSIGNMENT. This Agreement may be assigned by Developer to a party who is acquiring all or a majority of the Property owned by Developer provided that the Developer first obtains the prior written approval of the City Council, such consent not to be unreasonably withheld.

10. CONSTRUCTION OF TERMS; CONFLICT WITH FINANCING AGREEMENT. Whenever used the singular number shall include the plural, the plural the singular; the use of any gender shall include all genders, as the context requires; and the disjunctive shall be construed as the conjunctive, the conjunctive as the disjunctive, as the context requires. To the extent there is a conflict between the terms of this Agreement and the Development Agreement, the Development

Agreement shall control. To the extent there is a conflict between the terms of this Agreement and the PID Financing Agreement to be entered into covering the District, the PID Financing Agreement shall control.

11. **CONTROLLING LAW.** This Agreement and the provisions contained in this Agreement shall be construed, interpreted, and controlled according to the laws of the State of Texas.

12. **SEVERABILITY.** The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

13. **HEADINGS FOR CONVENIENCE ONLY.** The descriptive headings in this Agreement are for convenience only and shall not control nor affect the meaning or construction of any of the provisions of this Agreement.

14. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original; however, all such counterparts together shall constitute, but one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

15. **COVENANT AND RECORDATION.** The Developer, as the developer and the majority owner of lands within the District at the time of the execution of this Agreement, agrees that the obligations imposed upon it by this Agreement are valid and enforceable and shall be covenants running with the lands described in Exhibit A hereto, creating an obligation and one which is binding upon successor owners and assigns. The Developer shall record this Agreement in the Public Records of Travis County, Texas, against the lands owned by the Developer at the time of execution of this Agreement. Once the Developer has completed all the Designated Improvements pursuant to the terms of this Agreement and the Development Agreement, the Developer shall notify the City, the City shall record, in the public records, a release and satisfaction of its obligations under this Agreement (the "*Completion Agreement Release*"). The form of the Completion Agreement Release is attached hereto as Exhibit B. This Agreement, when recorded, shall be binding upon the Developer and the City and their successors and assigns as permitted by this Agreement and upon the Property; **however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any end-user or unaffiliated homebuilder except for land use and development regulations that apply to such lots.**

IN WITNESS WHEREOF, the parties hereto execute this Agreement and further agree that it shall take effect as of the date first above written.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

CITY:

CITY OF MANOR, TEXAS

By: [Signature]
Name: Dr. Larry Wallace Jr.
Title: Mayor

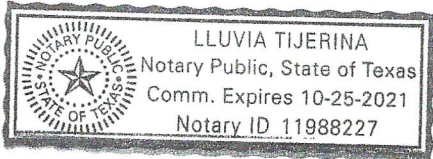
STATE OF TEXAS §

COUNTY OF Travis §
§

The foregoing instrument was acknowledged before me this October 21, 2020, by Dr. Larry Wallace Jr. as Mayor of the City of Manor, on behalf of the City.

[SEAL]

[Signature]
Notary Public
Commission Expires: 10-25-2021



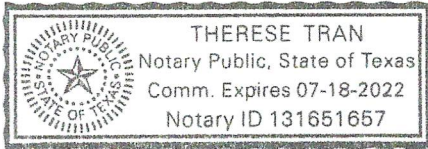
DEVELOPER:

**FORESTAR (USA) REAL ESTATE GROUP,
INC.,** a Delaware corporation

By: *John Maberry*
Name: John Maberry
Title: Vice President

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on OCTOBER 26, 2020 by JOHN MABERRY as VICE PRESIDENT of Forestar (USA) Real Estate Group, Inc., a Delaware corporation, on behalf of said corporation.



THERESE TRAN
Notary Public, State of Texas

AFTER RECORDING PLEASE RETURN TO:

City of Manor
Attn: City Secretary
105 E. Eggleston Street
Manor, Texas 78653

EXHIBIT A

METES AND BOUNDS DESCRIPTION OF THE PROPERTY

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

**A METES AND BOUNDS
DESCRIPTION OF A
3.700 ACRE RIGHT-OF-WAY OF LAND**

BEING a 3.700 acre (161,158 square feet) tract of land situated in the A.C. Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas; and being a portion of Old Kimbro Road (80 feet wide); and being more particularly described as follows:

COMMENCING, at a 1/2-inch iron rod with a plastic cap stamped "KHA" found on the southerly right-of-way line of said Old Kimbro Road marking the northwest corner of a called 51.533 acre tract of land described in instrument to Chau Dinh and Kim Pham recorded in Document No. 2014139510 of the Official Public Records of Travis County, same being the northeast corner of a called 90.0886 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017194283 of the Official Public Records of Travis County;

THENCE, North 85°48'57" West, 846.55 feet, along the southerly right-of-way line of Old Kimbro Road and the north line of said 90.0886 acre tract to the POINT OF BEGINNING of the herein described tract;

THENCE, continuing along the southerly right-of-way of said Old Kimbro Road and along the north line of said 90.0886 acre tract the following two (2) courses and distances:

1. North 85°48'57" West, 1629.02 feet to an iron rod with plastic cap stamped "KHA" found for a point of curvature;
2. in a southwesterly direction, along a tangent curve to the left, a central angle of 43°49'58", a radius of 533.10 feet, a chord bearing and distance of South 72°20'04" West, 397.96 feet, and a total arc length of 407.84 feet to a point for corner;

THENCE, departing the north line of said 90.0886 acre tract and crossing said Old Kimbro Road the following two (2) courses and distances:

1. North 40°17'42" West, 46.07 feet to a point for corner;
2. North 01°40'04" West, 35.46 feet to a 5/8-iron rod found on the northerly right-of-way line of said Old Kimbro Road marking the southwest corner of a called 157.9803 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017190865 of the Official Public Records of Travis County;

THENCE, along the northerly right-of-way line of said Old Kimbro Road and along the south line of said 157.9803 acre tract the following three (3) courses and distances:

1. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 36°32'19", a radius of 613.14 feet, a chord bearing and distance of North 68°23'46" East, 384.42 feet, and a total arc length of 391.01 feet to a 1/2-iron rod found for a point for corner;
2. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 7°10'29", a radius of 1407.07 feet, a chord bearing and distance of South 89°23'14" East, 176.08 feet, and a total arc length of 176.20 feet to a concrete monument found for a point of tangency;
3. South 85°54'35" East, 1541.16 feet to a point for corner;

THENCE, South 4°11'03" West, 80.00 feet departing the south line of said 157.9803 acre tract and crossing said Old Kimbro Road to the POINT OF BEGINNING, and containing 3.700 acres of right-of-way in Travis County, Texas. The basis of bearing for this description is the Texas State Plane Coordinate System Grid, Central Zone (FIPS 4203) (NAD'83). All distances are on the surface and shown in U.S. Survey Feet. To convert grid distances to grid, apply the combined SURFACE to GRID scale factor of 0.99992097045. This document was prepared in the office of Kimley-Horn and Associates, Inc. in San Antonio, Texas.

ABEL P. STENDAHL
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 6754
601 NW LOOP 410, SUITE 350
SAN ANTONIO, TEXAS 78216
PH. 210-541-9166
abel.stendahl@kimley-horn.com



**EXHIBIT OF A 3.700 ACRE
RIGHT-OF-WAY
TO BE RELEASED**
A.A. CALDWELL SURVEY NO.52,
ABSTRACT NO. 154
TRAVIS COUNTY, TEXAS

Kimley»Horn
801 NW Loop 410, Suite 350 San Antonio, Texas 78216 FIRM # 10103073 Tel. No. (210) 541-0166 www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
NA	DJG	APG	03/2020	060255703	1 OF 2

STENDAHL, ABEL 9/3/2020 10:57 AM R:\3\NA_SURVEY\MANOR HEIGHTS DEVELOPMENT\060255703-MANOR HTS PHASE 2\DWG\EXHIBITS\3.700AC RIGHT OF WAY RELEASE.DWG

EXHIBIT B

COMPLETION AGREEMENT RELEASE

The **CITY OF MANOR, TEXAS** (the "*City*"), hereby acknowledges receipt of notification of the completion of the Designated Improvements in accordance with Sections _ and _ of the Completion Agreement (the "*Completion Agreement*") by and between the City and **FORESTAR (USA) REAL ESTATE GROUP, INC.**, a Delaware corporation (the "*Developer*").

The Completion Agreement was recorded in the Public Records of Travis County, Texas under Instrument No. _____ against the real property more particularly described therein and incorporated by referenced herein.

Developer and its successors and assigns shall have no further obligations, duties or liabilities under the Completion Agreement, the City hereby releases, waives and forever discharges the Developer from all obligations, duties or liabilities of whatever nature arising under or in connection with the Completion Agreement.

[SIGNATURE PAGE FOLLOWS]

CITY:

CITY OF MANOR, TEXAS

By: _____
Name: _____
Title: _____

STATE OF TEXAS

§
§
§

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____, 20__, by _____, as _____ of the City of Manor, on behalf of the City.

[SEAL]

Notary Public
Commission Expires: _____

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APPENDIX G

MAJOR IMPROVEMENT AREA REIMBURSEMENT AGREEMENT

**MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
REIMBURSEMENT AGREEMENT
(MAJOR IMPROVEMENT AREA)**

This Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area) (this "Reimbursement Agreement") is executed between the City of Manor, Texas ("City") and Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Owner") (each individually referred to as a "Party" and collectively as the "Parties") effective as of _____, 2021.

RECITALS

WHEREAS, on November 7, 2018, the City Council (the "City Council") authorized the formation of the Manor Heights Public Improvement District (the "District" or "PID") pursuant to Resolution No. 2018-10 (the "Creation Resolution") in accordance with the PID Act, covering approximately 599.2 acres of land described in the Creation Resolution (the "District Property"); and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11 adopted by the City Council on October 7, 2020; and

WHEREAS, the purpose of the District is to finance certain improvements authorized by Chapter 372, Texas Local Government Code (as may be amended, the "PID Act") that promote the interests of the City and confer a special benefit on the assessed property within the District; and

WHEREAS, the District Property is contemplated to be developed in phases ("Improvement Areas") which includes the Major Improvement Area as shown on Exhibit "A" attached hereto ("Major Improvement Area"), and the Owner intends that certain Authorized Improvements (as defined herein) be constructed over time to serve the District Property (or portions thereof); and

WHEREAS, following the approval of the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the "PID Financing Agreement"), it is intended that the City Council shall pass and approve an assessment ordinance determining, among other things, the estimated costs of the Authorized Improvements allocable to Major Improvement Area (the "Major Improvement Area Improvements"), and levy assessments against certain District Property within the Major Improvement Area (the "Assessments") in accordance with the Assessment Roll attached to the Service and Assessment Plan for the District (as the same may be amended or updated from time to time, the "Service and Assessment Plan"); and

WHEREAS, it is intended that bonds secured by the Assessments (the “PID Bonds”) will be issued to finance a portion of the Actual Costs of, among other things, the Major Improvement Area Improvements (the Actual Costs of the Major Improvement Area Improvements being the “Improvement Costs”); and

WHEREAS, the proceeds of the PID Bonds shall be used to reimburse the Owner for Improvement Costs, as such intent was stated in the Development Agreement (as defined herein); and

WHEREAS, the Parties, prior to the outbreak of the COVID-19 pandemic, amended the Development Agreement to provide for among, other things, an option for the issuance of PID Bonds prior to the acceptance of the Major Improvement Area Improvements; and

WHEREAS, unforeseen events related to the outbreak of the COVID-19 pandemic have made the exercise of any such option impractical and the City and Owner each have waived their respective rights with respect to such options, and any attempted exercise of such are void and of no effect; and

WHEREAS, it is anticipated that one or more series of PID Bonds will be issued pursuant to an Indenture of Trust (the “Indenture”) by and between the City and a legally qualified trustee selected by the City (the “Bond Trustee”); and

WHEREAS, it is anticipated that the City shall deposit the revenues received and collected by the City from the Assessments, including foreclosure sale proceeds, first into segregated funds held by the City for the Major Improvement Area’s revenues (the “Operating Account”), and then further transferred pursuant to the Indenture when executed; and

WHEREAS, the Parties intend that all or a portion of the Improvement Costs shall be paid for with (i) the applicable hereinafter-defined Major Improvement Area Reimbursement Obligation pursuant to the terms of this Reimbursement Agreement, and as further described pursuant to the PID Financing Agreement or (ii) PID Bonds; and

WHEREAS, following the issuance of a series of PID Bonds, the Pledged Revenues, as defined herein, will secure the PID Bonds, and then, on a subordinate basis, the Major Improvement Area Reimbursement Obligation; and

NOW THEREFORE, FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Recitals. The recitals to this Reimbursement Agreement are true and correct, and are incorporated as part of this Reimbursement Agreement for all purposes.

2. Definitions. If any of the following defined terms are given a different definition in the PID Financing Agreement and/or the Indenture, then that definition shall govern in the event of a conflict.
- a. Actual Costs - shall mean, with respect to Authorized Improvements, 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.
 - b. Assessment Roll - shall mean one or more assessment rolls for the assessed property within the District, as updated, modified or amended from time to time in accordance with the Service and Assessment Plan.
 - c. Authorized Improvements - shall mean any authorized improvement listed in the PID Act.
 - d. Development Agreement - means that certain Development Agreement, dated effective November 7, 2018, by and between Owner's predecessors-in-interest (RHOF, LLC and Sky Village Kimbro Estates, LLC), and the City which was subsequently amended by that certain First Amendment dated November 6, 2019 and that certain Second Amendment between the City and the Owner dated October 21, 2020, as may be amended.
 - e. PID Bonds - shall mean each series of special assessment revenue bonds issued by the City to finance the Actual Costs of the applicable Improvement Area Improvements, and any bonds issued to refund all or a portion of any outstanding PID Bonds.

- f. Pledged Revenues - shall mean the sum of (i) revenues from the Assessments from property owners within the Major Improvement Area less (a) administrative expenses and (b) delinquent collection costs; (ii) the moneys held in any of the funds held by the City pursuant to the Indenture pledged for payment of debt service; and (iii) any additional revenues that the City may pledge to the payment of the PID Bonds.
3. City Deposit of Revenue. Until a series of PID Bonds are issued, the City shall cause the Pledged Revenues from the Major Improvement Area to be deposited into the Operating Account. After a series of PID Bonds secured by the Pledged Revenues are issued, the City shall cause those Pledged Revenues to be deposited pursuant to the Indenture once executed.
4. Payment of Improvement Costs. The City shall pay the Improvement Costs pursuant to executed and approved Payment Requests in the manner provided for in the PID Financing Agreement from the Operating Account. Following the execution of the Indenture, the Bond Trustee shall pay the Improvement Costs pursuant to executed and approved certifications for payment in the manner provided for in the PID Financing Agreement and the Indenture for PID Bonds issued for the Major Improvement Area.
5. Improvement Area Reimbursement Obligation. Subject to the terms, conditions, and requirements contained herein, the City agrees to reimburse the Owner, and the Owner shall be entitled to receive from the City in an amount not to exceed \$7,090,000.00 (the "Major Improvement Area Reimbursement Obligation") for the Improvement Costs in accordance with the terms of this Reimbursement Agreement, and subject to any further limitations as may be contained in the PID Financing Agreement, until December 31, 2051 (the "Maturity Date"). It is hereby acknowledged that the City is not responsible hereunder for any amount of Improvement Costs in excess of the amount of the Assessments collected. The Major Improvement Area Reimbursement Obligations, including accrued and unpaid interest, shall be payable to the Owner, solely from the Pledged Revenues deposited in the Operating Account or, if PID Bonds are issued, the Project Fund or the reimbursement fund, as applicable, created by the Indenture. The Major Improvement Area Reimbursement Obligation is authorized by the PID Act, are hereby approved by the City Council, and represent the total allowable costs to be assessed against the Major Improvement Area for the Major Improvement Area Improvements. The interest rate paid to the Owner on the Major Improvement Area Reimbursement Obligation shall be 4%. The interest rate is hereby approved by the City Council and complies with the PID Act. Interest will accrue on the Major Improvement Area Reimbursement Obligation at the interest rate stated above from the later to occur of: (i) the date that the Assessment is levied by the City or (ii) the date a certificate for payment for the Improvement Costs is approved by the City. Following the issuance of PID Bonds, interest for the Major Improvement Area Reimbursement

Obligation will accrue from the date of delivery of the PID Bonds at the interest rate of the PID Bonds. Interest shall be calculated on the basis of a 360-day year, comprised of twelve 30-day months.

6. Obligated Payment Sources. The Major Improvement Area Reimbursement Obligation, plus accrued and unpaid interest as described above, is payable to the Owner and secured under this Reimbursement Agreement solely as described herein. No other City funds, revenue, taxes, income, or property shall be used even if the Major Improvement Area Reimbursement Obligation is not paid in full at the Maturity Date, and the Major Improvement Area Reimbursement Obligation is not a debt of the City, within the meaning of Article XI, Section 5, of the Constitution of the State of Texas. The City acknowledges and agrees that until the Major Improvement Area Reimbursement Obligation and accrued and unpaid interest is paid in full, the obligation of the City to use amounts on deposit in the Operating Account or the reimbursement fund created by the Indenture to pay the Major Improvement Area Reimbursement Obligation and accrued and unpaid interest to the Owner is absolute and unconditional and the City does not have, and will not assert, any defenses to such obligation.
7. City Collection Efforts. The City will use all reasonable efforts to receive and collect, or cause to be received and collected by the Travis County Tax Assessor-Collector, Assessments (including the foreclosure of liens resulting from the nonpayment of the Assessments or other charges due and owing under the Service and Assessment Plan) and shall not permit a reduction, abatement, or exemption in the Assessments due on any portion of the District Property until (i) the PID Bonds related to that particular portion of the District Property are no longer outstanding, whether as a result of payment in full, defeasance, or otherwise, or (ii) the Owner has been reimbursed for the unreimbursed Actual Costs in accordance with this Reimbursement Agreement. The City shall use best efforts to collect the Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.
8. Process for Payment for the Major Improvement Area Reimbursement Obligation. The Owner may submit to the City a written request for payment in the form and manner provided for in the PID Financing Agreement (a "Payment Request") of any funds then available in the reimbursement fund created by an Indenture following February 1st of each year. Upon receipt of the Payment Request for the Major Improvement Area Improvements described in the Service and Assessment Plan with all required documentation attached, the City shall cause available funds within the appropriate account under the Indenture or the Operating Account to be disbursed to the Owner within thirty (30) days. This process will continue until the Major Improvement Area Reimbursement Obligation and accrued and unpaid interest is paid in full, or until PID

Bonds are issued in an amount sufficient to pay the unpaid Major Improvement Area Reimbursement Obligation in full, less any amounts required for reserves and any other costs or expenses associated with issuing the PID Bonds.

9. Termination. Upon either (i) all payments paid to the Owner under this Reimbursement Agreement equal to the Major Improvement Area Reimbursement Obligation plus any accrued and unpaid interest, (ii) the PID Bonds being issued for the Major Improvement Area that is equal to the Major Improvement Area Reimbursement Obligation, less any amounts required for reserves and any other costs or expenses associated with issuing the PID Bonds, less any payments made from the Bond Trustee pursuant to this Agreement, (iii) a combination of (i) and (ii) above that, collectively, is equal to the Major Improvement Area Reimbursement Obligation, or (iv) the Maturity Date is reached, this Reimbursement Agreement shall terminate; provided, however that if on the Maturity Date, any portion of the Major Improvement Area Reimbursement Obligation or accrued and unpaid interest remains unpaid, such Major Improvement Area Reimbursement Obligation shall be canceled and for all purposes of this Reimbursement Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL; provided further however that if any Assessments remain due and payable and are uncollected on the Maturity Date for the Major Improvement Area, such Assessment, when, as, and if collected after the Maturity Date, shall be applied, first, to any amounts due in connection with the Major Improvement Area for any outstanding PID Bonds, and then paid to the Owner and applied to the Major Improvement Area Reimbursement Obligation. Under no circumstances will either payments made under this Agreement or the PID Bonds equal more than the Major Improvement Area Reimbursement Obligation.
10. Non-Recourse Obligation. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from Pledged Revenues and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. Neither the City nor any of its elected or appointed officials nor any of its employees shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omission under this Reimbursement Agreement. Owner acknowledges that no appropriation of City funds has been or will be made to provide payments due under this Agreement. Further, Owner acknowledges that the only source of funds for payment under this Agreement is from the Operating Account or the reimbursement fund created by an Indenture to pay the Major Improvement Area Reimbursement Obligation.
11. Mandatory Prepayments. Notwithstanding any provision of this Reimbursement Agreement to the contrary, the Parties hereby acknowledge and agree that to the extent a prepayment of an Assessment is due and owing pursuant to the provisions of the

Service and Assessment Plan (including any requirement to provide notice to Owner pursuant to the provisions thereof) in effect as of the date of this Agreement and remains unpaid for ninety (90) days after such notice, the City, upon providing written notice to the Owner, may reduce the amount of the Major Improvement Area Reimbursement Obligation associated with that Assessment by a corresponding amount provided, however, any reduction shall never result in a reduction in the amount of the Major Improvement Area Reimbursement Obligation to be less than zero.

12. No Waiver. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may otherwise have outside this Reimbursement Agreement against any person or entity involved in the design, construction, or installation of the Major Improvement Area Improvements.
13. Governing Law, Venue. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, venue for such dispute shall lie in any court of competent jurisdiction in Travis County, Texas.
14. Notice. Any notice required or contemplated by this Reimbursement Agreement shall be deemed given at the addresses shown below: (i) one (1) business day after deposit with a reputable overnight courier service for overnight delivery such as FedEx or UPS; or (ii) one (1) business day after deposit with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section.

If to City: City of Manor
 Attn: City Manager
 105 East Eggleston Street
 Manor, Texas 78653

With a copy to: The Knight Law Firm, LLP
 Attn: Paige Saenz/Veronica Rivera
 223 West Anderson Lane, Suite A-105
 Austin, Texas 78752

If to Owner: Forestar (USA) Real Estate Group, Inc.
 Attn: John Maberry
 10700 Pecan Park Blvd. Suite 150
 Austin, Texas 78750

With a copy to: Metcalfe Wolff Stuart & Williams, LLP
 Attn: Talley J. Williams

221 W. 6th, Suite 1300
Austin, Texas 78701
Facsimile: (512) 404-2234

15. Invalid Provisions; Severability. If any provision of this Reimbursement Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions, and the remainder of this Reimbursement Agreement shall remain in full force and effect. If any provision of this Reimbursement Agreement directly conflicts with the terms of the Indenture the Indenture shall control.
16. Exclusive Rights of Owner. Owner's right, title and interest into the payments of the Major Improvement Area Reimbursement Obligation (including any accrued and unpaid interest thereon), as described herein, shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its Major Improvement Area Reimbursement Obligation (including any accrued and unpaid interest thereon) to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, all or any portion of Owner's right, title, or interest under this Reimbursement Agreement including, but not limited to, any right, title or interest of Owner in and to payment of the Major Improvement Area Reimbursement Obligation plus any accrued and unpaid interest thereon (a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"). Provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without the prior written approval of the City Council if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in the payments hereunder being pledged to the payment of debt service on public securities issued by any other state of the United States or political subdivision thereof. Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including (A) the name and address of the Transferee and (B) a representation by the Owner that the Transfer does not and will not result in the issuance of municipal securities by any other state of the United States or political subdivision thereof is provided to the City. The Owner agrees that the City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer.
17. Assignment.
 - a. Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Reimbursement Agreement with respect to all or part of the District Property from time to time to any party in connection with the sale of the District Property or any portion thereof and in connection with a corresponding assignment of the rights and obligations in the PID Financing Agreement, if then existing, to any party, so long as the assignee has demonstrated to the City's satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any duties or obligations so assigned and so long as the assigned rights and obligations are assumed without modifications to this Reimbursement

Agreement or the PID Financing Agreement. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Reimbursement Agreement and shall have no further liability with respect to this Reimbursement Agreement for the part of the Project so assigned. Until the PID Financing Agreement for the District Property is in effect, Owner may not assign this Reimbursement Agreement under this Section 17(a).

- b. Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.
- c. Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.
- d. Provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without the prior written approval of the City Council if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in the payments hereunder being pledged to the payment of debt service on public securities issued by any other state of the United States or political subdivision thereof.
- e. Notwithstanding anything to the contrary contained herein, this Section 17 shall not apply to Transfers which shall be governed by Section 16 above.
- f. It is hereby acknowledged that the limitations on the ability to make a Transfer as described in Section 16 above shall also apply to the Designated Successors and Assigns.

18. Failure; Default; Remedies.

- a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a “Failure”) and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least 30 days from receipt of the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within 30 days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided

written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional period (not to exceed 90 days) so long as the non-performing Party is diligently pursuing a cure.

- b. If the Owner is in Default, the City's sole and exclusive remedy shall be to seek specific enforcement of this Reimbursement Agreement. No Default by the Owner, however, shall: (1) affect the obligations of the City to use the Pledged Revenues on deposit in the reimbursement fund as provided in Section 6 of this Reimbursement Agreement; or (2) entitle the City to terminate this Reimbursement Agreement. In addition to specific enforcement, the City shall be entitled to attorney's fees, court costs, and other costs of the City to obtain specific enforcement.
 - c. If the City is in Default, the Owner's sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the City; or (2) seek specific enforcement of this Reimbursement Agreement.
19. Estoppel Certificate. Within thirty (30) days after the receipt of a written request by Owner or any Transferee, the City will certify in a written instrument duly executed and acknowledged to any person, firm or corporation specified in such request as to (i) the validity and force and effect of this Reimbursement Agreement in accordance with its terms, (ii) modifications or amendments to this Reimbursement Agreement and the substance of such modification or amendments; (iii) the existence of any default to the best of the City's knowledge; and (iv) such other factual matters that may be reasonably requested.
20. Anti-Boycott Verification, No business with Sanctioned Countries. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Reimbursement Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

The Owner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Owner and any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

21. Form 1295. If required, Owner shall complete Form 1295 in connection with the Owner’s participation in the execution of this Reimbursement 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”). If required, the City shall confirm receipt of the Form 1295 once received from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Owner 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 shall be provided solely by the Owner; and, neither the City nor its consultants shall have verified such information.

22. Miscellaneous.

- a. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Owner to enforce its remedies under this Reimbursement Agreement.
- b. Nothing in this Reimbursement Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Owner any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Owner.
- c. This Reimbursement Agreement may be amended only by written agreement of the Parties.
- d. This Reimbursement Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties have executed this Reimbursement Agreement to be effective as of the date written on the first page of this Reimbursement Agreement.

CITY OF MANOR, TEXAS

By: _____
Name: Dr. Larry Wallace, Jr.
Title: Mayor
Date: _____

ATTEST:

By: _____
Lluvia T. Almaraz, City Secretary

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared, Dr. Larry Wallace, Jr., Mayor of The City of Manor, Texas known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of that municipal corporation.

GIVEN UNDER MY HAND AND SEAL of office this ____ day of _____, 2021.

(SEAL)

Notary Public, State of Texas

[Signatures Continue on Next Page]

**FORESTAR (USA) REAL ESTATE GROUP,
INC., a Delaware corporation**

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

This instrument was acknowledged before me on the ____ day of _____, 2021 by _____, _____, of FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation, on behalf of said corporation.

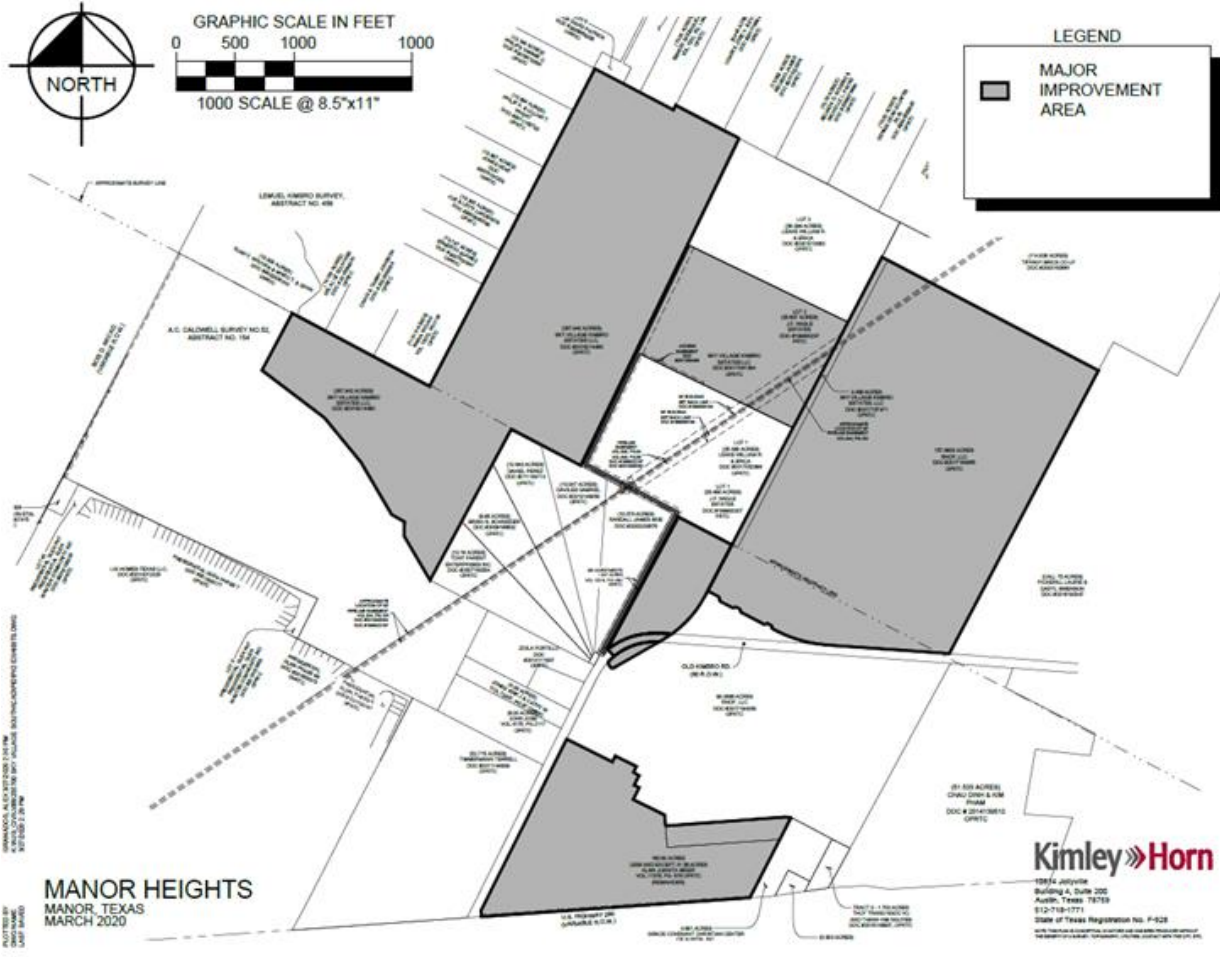
Notary Public, State of Texas

(SEAL)

Name printed or typed
Commission Expires: _____

Exhibit "A"

Major Improvement Area



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APPENDIX H
APPRAISAL



MARKET VALUE APPRAISAL REPORT



MANOR HEIGHTS PID
U.S. 290 at Old Kimbro Road
Manor, Texas 78653

FRA Job No.: 20-FRA-1241

PERTINENT DATES:
Valuation Date "As Is": March 1, 2021
"As Complete": March 1, 2021
Report Date: April 15, 2021

PREPARED FOR:
Mr. Thomas Bolt
City Manager
City of Manor
105 Eggleston Street
Manor, Texas 78653

PREPARED BY:
Flato Realty Advisors, LLC
8918 Tesoro Drive, Suite 405
San Antonio, Texas 78217

April 15, 2021

Mr. Thomas Bolt
City Manager
City of Manor
105 Eggleston Street
Manor, Texas 78653

RE: Market Value Appraisal of Real Property
Manor Heights PID
U.S. 290 at Old Kimbro Road
Manor, Texas 78653

Flato Realty Adv. Job No.: 20-FRA-1241

Dear Mr. Bolt:

At the request and authorization of the City of Manor, Flato Realty Advisors, LLC ("Flato") has prepared an appraisal to determine the market value of the referenced property and presented our analysis in the following Market Value Appraisal Report. In the course of completing the valuation of the appraised property, numerous sources have been contacted. These include government sources, active real estate brokers, and homebuilders in the Travis County area.

The appraised property is known as Manor Heights Subdivision, a planned unit development located within the City of Manor, Travis County, Texas. The development is located along the northwest side of U.S. Highway 290 East at the intersection of Old Kimbro Road just northwest of downtown Manor, Texas and approximately 12 miles northwest of the downtown central business district of Austin, Texas. The subject property has access along the northwest side of U.S. Highway 290 East and both sides of Old Kimbro Road and the east side of Bois D-Arc Road. Additional streets will be developed surrounding the subject site as part of the PID which is proposed.

Additionally, it is noted that this appraisal has been conducted during the worldwide Covid-19 virus pandemic. Market conditions created by the pandemic have reportedly affected and are affecting the operating performance of certain real estate related properties; however, there is no market evidence to support nor indicate that these conditions are impacting upper end suburban residential development. Additionally, as of the time of this report, vaccines are being widely distributed and cases and restrictions on travel are being reduced. It is projected that the pandemic and effects are not currently and will not impact the subject property development as of the date of completion. Therefore, it is our interpretation of the market that no measurable impact on market value is present.

The appraised property is identified as the Planned Improvement Development known as Manor Heights Subdivision, City of Manor, Travis County, Texas. The development consists of 515 existing and partially completed single family lots in Phases I and II, 4 tracts of vacant commercial land, 3 tracts of vacant mixed use/medium density residential land, 1 tract of floodplain/open space land, and 285.67 acres of vacant residential land entitled for development with 733 proposed single family residential lots to become Phases

III, IV and V. The lots in Phases I and II are partially completed and are partially under contract to be sold under bulk lot takedown contracts to national homebuilders.

The total acreage of the entire Manor Heights development, including proposed lots, greenbelts, streets, amenities, etc. is approximately 602.899 acres. The property is valued as vacant commercial and multi-family land, existing and partially complete single-family lots in Phases I and II, and proposed future lots in Phases III, IV and V. The vacant undeveloped land included in the proposed lot analysis for Phases I and II is valued as a component of the cost approach.

Terrain is generally level to sloping; each existing and proposed lot has or will have a usable building site. Subdivision improvements will include asphalt paved streets, concrete curbing, storm drainage, street lighting, fire hydrants, underground water, sewer and electricity. Each completed lot includes and will include electrical stub outs, water lines, sewer lines, etc. A proposed PID will include development of surrounding streets, drainage, and additional utility capacity to include water, sewer, electric, etc. The planned Manor Heights development will include a greenbelt, hiking/walking paths, community park and pavilion, etc. for use by all residents in Manor Heights Subdivision.

The property is appraised utilizing income capitalization approach (lot sell-out) incorporating the Sales Comparison approach in the valuation of the proposed single family lots and the Sales Comparison Approach in the valuation of the vacant land. The Cost Approach has also been utilized in the valuation of the proposed lots in Phases I and II. For the future platted lots in Phases III, IV and V, a DCF analysis incorporating and deducting proposed development cost has been utilized. These approaches most closely reflect the actions of buyers and sellers. Data, information, and calculations leading to the value conclusion(s) are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The as "complete" valuation of Phases I and II is subject to the Hypothetical Condition that the proposed and existing 264 lots in Phase I and 251 lots in Phase II are complete. It is projected that the 251 lots in Phase II will be completed within 3 months; in a workman like manner. Additionally, the "as is" and "as-complete" market value is completed under the hypothetical condition that the PID improvements are complete as of the date of valuation. The size and number of lots is per the subdivision plan provided by the client. Should the land size or number/size of lots, based upon the proposed development change, the value conclusion is subject to revision.

We have appraised the land (commercial, multi-family and entitled single family land) on an "As Is" basis. The proposed single family lots in Phases I and II are appraised on an "As Complete" basis (as if complete as of the date of value). Based on the analysis contained in the following report, and after considering the extraordinary assumptions and hypothetical conditions of this report, the opinion of value of the subject property is as indicated in the table on the following page. *It is noted that the "As Is" value of the Residential Land Phases I and II, including completed and partially completed lots, is included within the value of the 515 lots "As if Complete" and cannot be combined.*

MARKET VALUE CONCLUSION				
Property Description	Size (Ac)	Appraisal Premise	Value Conclusion	\$/Unit
Residential Land - Phase I-Proposed 264 SFR lots	127.37	"As Is"	\$12,265,000	\$96,294 /Ac
Residential Land - Phase II-Proposed 251 SFR lots	92.16	"As Is"	\$5,155,000	\$55,935 /Ac
515 Single Family Lots Phases I & II	219.53	"As if Complete"	\$22,500,000	\$43,689 /Lot
Medium Density Residential	11.85	"As Is"	\$2,605,000	\$5.05 /SF
Medium Density/Neighborhood Bus	1.62	"As Is"	\$325,000	\$4.60 /SF
Commercial/Retail	4.28	"As Is"	\$765,000	\$4.10 /SF
RHOF Commercial	19.9	"As Is"	\$2,730,000	\$3.15 /SF
RHOF Floodplain	23.479	"As Is"	\$1,535,000	\$1.50 /SF
PUD Medium Density Residential	13.44	"As Is"	\$2,955,000	\$5.05 /SF
Future Med. Density Residential	19.96	"As Is"	\$4,085,000	\$4.70 /SF
Neighborhood Business	2.49	"As Is"	\$470,000	\$4.70 /SF
Vacant Entitled Residential Land - 733 Proposed Single Family Lots, Phases III, IV & V	285.67	"As Is"	\$8,775,000	\$30,717 /Ac

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The appraisers have performed previous valuation services regarding the subject property in the form of a market value appraisal dated March 27, 2020. No other valuation services regarding the subject property have been conducted within the three-year period immediately preceding the date of acceptance of this assignment. The intended use of this appraisal is for determining the market value of the above referenced property for The Manor Heights Public Improvement District Project purposes in connection with the upcoming issuance of special assessment revenue bonds by Travis County. The intended user and client is the City of Manor, Texas and related parties associated with the Manor Heights PID.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if Flato Realty Advisors, LLC can be of further service, please contact us.

Respectfully submitted,

FLATO REALTY ADVISORS, LLC



Franklin L. Flato, MAI
 President
 Certified General Real Estate Appraiser
 Texas – TX-1321148-G; Exp. June 30, 2021
 E-Mail: franklin@flatorealtyadvisors.com



Ted A. Moore, MAI
 Senior Appraiser
 Certified General Real Estate Appraiser
 Texas – TX-1320476-G; Exp. January 31, 2023
 E-Mail: ted@flatorealtyadvisors.com



Entry road to Phase I



Interior view of improvements in Phase I



View of completed improvements in Phase I



View of completed improvements in Phase I



Land under construction in Phase II



Land under construction in Phase II



Interior view of construction in Phase II



Interior view of site



Typical interior view of site



Typical interior view of site



Typical interior view of site



View southwest along Bois de Arc Rd; subject at left



AERIAL



SUBJECT LOCATION

EXECUTIVE SUMMARY

Property Name	Manor Heights PID
Subdivision Name	Manor Heights PID
Location	U.S. 290 at Old Kimbro Road
Property Description	264 completed lots in Phase 1; 251 partially completed lots in Phase 2; 3 tracts of vacant commercial land, 4 tracts of vacant mixed use/medium density land and 321.56 acres of vacant residential land entitled for 735 proposed lots in Phases 3, 4 and 5; Manor Heights Subdivision
City	Manor
County	Travis
State	Texas
Property Tax Identification Number(s)	[1] 248072 [2] 248122 [3] 477399 [4] 568776 [5] 704716 [6] 816122 [7] 236952 [8] 248120 [9] 248146 [10] 90264
Legal Description "As Is"	Various (see Ownership Summary)
Property Owner	Forestar USA Real Estate Group, Inc. and RHOF, LLC
Interest Appraised	Vacant Land - Current Market Value - "As Is"
Interest Appraised	Proposed Lots - Current Market Value - "As If Complete"

Appraisal Data

Interest Appraised - As Is	Fee Simple
Valuation Date	March 1, 2021
Interest Appraised	Fee Simple
Report Date	April 15, 2021
Highest & Best Use - As Vacant	Hold for future mixed use residential lot and commercial/multi-family development
Highest & Best Use - As Improved	Single family residential lot and mixed use commercial/mixed use development

Physical Data

Number of Lots (entire development)	1,248 Lots
Phases I & II (Complete and partially complete)	515 Lots
Phases III, IV and V (Proposed)	733 Lots
Lot Average Size	0.154 Acres
Commercial/Multi-Family land (87 tracts)	1.000 Acres
Site Shape	1.62 acres to 23.479 acre
Est. Exposure Time	12 months

MARKET VALUE CONCLUSION

Property Description	Size (Ac)	Appraisal Premise	Value Conclusion	\$/Unit
Residential Land - Phase I-Proposed 264 SFR lots	127.37	"As Is"	\$12,265,000	\$96,294 /Ac
Residential Land - Phase II-Proposed 251 SFR lots	92.16	"As Is"	\$5,155,000	\$55,935 /Ac
515 Single Family Lots Phases I & II	219.53	"As if Complete"	\$22,500,000	\$43,689 /Lot
Medium Density Residential	11.85	"As Is"	\$2,605,000	\$5.05 /SF
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RHOF Floodplain	23.479	"As Is"	\$1,535,000	\$1.50 /SF
PUD Medium Density Residential	13.44	"As Is"	\$2,955,000	\$5.05 /SF
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ADDENDA

ADDENDUM A:	DEFINITIONS
ADDENDUM B:	APPRAISER QUALIFICATIONS
ADDENDUM C:	CLIENT CORRESPONDENCE
ADDENDUM D:	LOT LIST
ADDENDUM E:	COMPARABLE LAND SALES

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The appraised property consists of four tracts of vacant commercial land; three tracts of vacant mixed use medium density residential land; one tract of floodplain land; 515 existing and partially complete single family lots in Phases I and II; and 3 tracts of vacant land entitled for development with 733 future residential lots to become Phases III, IV & V; Manor Heights Subdivision, City of Manor, Texas. The residential lots (both completed and proposed – future condition) include asphalt paved interior streets with concrete curbing, street lighting, and underground utilities. Manor Heights is a single-family home and mixed commercial development located in Manor, Texas, in the northeast portion of Travis County at the southeast corner of Lexington Street and Blake Manor Road approximately 12 miles northwest of the downtown central business district of Austin, Texas. The property is appraised as if “off-site” PID (Public Improvement District) improvements including utilities, streets, off-site drainage, etc., are complete as of the date of value.

The proposed residential lots include 264 50' single family lots with an average lot size of approximately 0.149 acre, situated in Phase I and 251 50'-55' single family lots with an average lot size of 0.154 acre, situated in Phase II. The additional 733 proposed single family lots will be located in proposed Phases III, IV and V and will be 50', 55', 60' single family lots. Those are future, platted, “Paper Lots” which will have an average lot size of 0.156 acre for Phase III, 0.150 acres for Phase IV and 0.165 acres for Phase V.

The subject is further described as follows:

SUBJECT IDENTIFICATION	
Property Name	Manor Heights PID
Address	U.S. 290 at Old Kimbro Road
City	Manor
County	Travis
State	Texas
ZIP/Postal Code	78653
Country	United States
MSA	Austin-Round Rock
Market	Far north east Austin-Round Rock MSA
Abbreviated Legal Description	Various (see Ownership Summary)

Current Ownership History

The subject vacant land is owned by Forestar USA Real Estate Group, Inc. and RHOF, LLC, and RHOF, LLC. The property was acquired by Sky Village Kimbro Estates, LLC and RHOF, LLC in several transactions beginning in December 2016 and extending to December 2019. During that time, the PID was formed. Acquisition dates are shown in the chart below. We were unable to confirm the purchase price on any of the transactions. *The first 6 tracts in the summary below were again transferred in late October and early November 2019 to Forestar USA Real Estate Group, LLC in correction and warranty deeds. Although requested, the recent sales prices were not disclosed.*

The tax account number, legal description, ownership and date of acquisition for each parcel are shown in the chart on the following page:

Ownership Summary			
	Legal Description	Ownership	Date of Purchase
PID - 248072 - 114.9 Acres	Abs. 154, Sur. 52, AC Caldwell	Forestar Real Estate Group Inc	10/31/2019
PID - 248122 - 97.981 Acres	Abs. 456, Sur. 64, L Kimbro	Forestar Real Estate Group Inc	10/31/2019
PID - 477399 - 35.607 Acres	Lot 2, J F Nagle Estates	Forestar Real Estate Group Inc	11/4/2019
PID - 568776 - 28.937 Acres	Abs. 154, Sur. 52, AC Caldwell	Forestar Real Estate Group Inc	10/31/2019
PID - 704716 - 26.124 Acres	Abs. 154, Sur. 52, AC Caldwell	Forestar Real Estate Group Inc	10/31/2019
PID - 816122 - 3.469 Acres	Abs. 456, Sur. 64, L Kimbro	Forestar Real Estate Group Inc	10/31/2019
PID - 236952 - 44.033 Acres	Abs. 154, Sur. 52, AC Caldwell	RHOF LLC	12/17/2019
PID - 248120 - 127.968 Acres	Abs. 456, Sur. 64, L Kimbro	RHOF LLC	11/13/2017
PID - 248146 - 29.992 Acres	Abs. 154, Sur. 52, AC Caldwell	RHOF LLC	11/13/2017
PID - 902644 - 90.089 Acres	Abs. 154, Sur. 52, AC Caldwell	RHOF LLC	12/8/2017

The vacant land as a whole is not listed for sale. The developed lots in Phase 1 are under contract to Continental Homes and the lots in Phase II will be sold under bulk purchase contracts to area homebuilders when complete.

INTENDED USE AND USERS OF THE APPRAISAL

The intended use of this appraisal is for use in determining the market value of the above referenced property for Manor Heights Public Improvement District Project purposes in connection with the upcoming issuance of special assessment revenue bonds by Travis County. The intended user and Client is the City of Manor Texas and related parties involved in the bond issue.

PROPERTY RIGHTS APPRAISED

We have appraised “as-is” the fee simple estate of the subject vacant land tracts and partially complete lots. We have also appraised the market value fee simple estate of the complete and partially complete single family lots in Phases I and II under the hypothetical condition that these single family lots are complete as of the date of value.

The following definition is from the Dictionary of Real Estate Appraisal, Sixth Edition (2015), published by the Appraisal Institute.

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Additional appraisal definitions applicable to the analysis presented herein are presented in the Addenda.

RELEVANT DATES

The date of inspection of the subject property was March 1, 2021. The date of the report is April 15, 2021. Relevant dates are summarized in the table on the following page.

DATE OF VALUE SUMMARY		
Value Perspective	Interest Appraised	Date
Market Value (As Is)	Fee Simple	March 1, 2021
Market Value (As Complete)	Fee Simple	March 1, 2021

DEFINITION OF MARKET VALUE

As defined by the Office of the Comptroller of the Currency under 13 CFR, Part 34, Sub-part C – Appraisals, 323.2 Definitions (g), market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

This definition of market value is generally accepted by agencies regulating financial institutions in the United States.

SCOPE OF WORK

The scope of work refers to the type and extent of research and analyses employed in the appraisal assignment and presented in the appraisal report.

This appraisal is presented in the form of a real estate appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. That is, this report incorporates a summary explanation of the data, reasoning and analysis that were used to develop the opinion of value.

The Extent to Which the Property was Identified

The subject is identified via legal description, aerial photograph, and physical description.

The Extent to Which the Property was Inspected

The subject property was inspected and the surrounding area was driven by Franklin L. Flato, MAI and Ted A. Moore, MAI, on March 1, 2021. The land size utilized in this report is per the land plans and surveys provided as well as the Travis County Appraisal District.

The Type and Extent of Data Researched

We have physically observed the pertinent market with respect to the appraised property regarding physical and economic factors relevant to the valuation process through interviews with regional and/or local market participants, and available published data and other various resources. Our research included: exposure and marketing time; neighborhood and land use trends; demographic trends; market trends relative to the subject property type; flood zone status; zoning requirements and compliance; real estate tax data; and comparable listing and available sales data. All data utilized has been analyzed and confirmed with sources assumed to be reliable.

The Type and Extent of Analyses Applied

We analyzed the property and market data gathered through the use of accepted market-derived methods and procedures, employed the appropriate approaches to value, and correlated and reconciled the results into an estimate of market value, as defined within the appraisal report.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**Extraordinary Assumptions**

Extraordinary assumptions are defined in the Uniform Standards of Professional Appraisal Practice as

“...an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. The use of extraordinary assumptions can have an effect on the concluded value(s) presented herein.

It is assumed that the acreage, number of lots and lot sizes and land sizes of the vacant land provided to the appraisers by the client are correct. Any change in the number of acres, number of lots or lot sizes will have an impact on the conclusions of this report. It is also assumed that the proposed single family lots will be completed in accordance with the land plans provided and will comply with the City of Manor and Travis County development restrictions.

It is also assumed that the proposed development is within a PID which will provide adequate roads, utilities and infra-structure as well as entry enhancement to support the proposed development.

It is additionally assumed, that the residential lots, future lots, and commercial and mixed use tracts has been approved by the City of Manor. Should the proposed development plans change, the value conclusion “As Complete” is subject to revision. It is also assumed that all development will be completed in a workman like manner. The use of extraordinary assumptions may affect the value conclusions.

It is also of note that the COVID-19 pandemic which has impacted businesses throughout the world, occurred post inspection/valuation date and the impact, if any, has not been reflected in this valuation report. Flato Realty Advisors, LLC, cannot be held responsible for any impact on the value of the property which

occurred post effective date of valuation, whether related to the COVID-19 pandemic or other market influence.

No further extraordinary assumptions are utilized. The use of extraordinary assumptions may affect the value conclusions.

Hypothetical Conditions

Hypothetical conditions are defined in the Uniform Standards of Professional Appraisal Practice as

“...that which is contrary to what exists but is supposed for the purpose of analysis.”

Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis.

The public infrastructure improvements detailed in the PID Memorandum, assumed to be in your possession, including utility extensions, roadways, and drainage improvements associated with the single family, commercial and mixed use tracts are underway. The as-is market value is completed under the hypothetical condition that the PID improvements are complete as of the date of valuation.

The market value of the completed and partially completed single family lots in Phases I and II, 'As if Complete' is prepared under the hypothetical condition that the partially completed lots in Phase II are complete as of the date of valuation (date of inspection).

No further hypothetical conditions were made.

SIGNIFICANT APPRAISAL ASSISTANCE OR CONTRIBUTION

No other person provided real property assistance to the persons signing this report in the form of property inspection, research, or general report preparation.

EXPOSURE AND MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject property could be brought to market and sold. Exposure time precedes the date of value with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term used is marketing time. The exposure/marketing time is a function of price, time, and use. In estimating an appropriate exposure/marketing time for the subject property, we considered general market conditions, available sales data and interviews with market participants (exposure and marketing times).

As the single-family home building economy continues to improve, it is anticipated that marketing times for residential lots will decrease. Beginning in 2008 through 2011, marketing time for residential lots for single family homes was somewhat extended. However due to the inability of new subdivision development to keep up with increasing demand in the Austin Area over the last several years the marketing time for single family homes has decreased dramatically. Interest rates remain at an historic low and new home

development velocity has continued to improve. The subject is a large development including proposed lots and numerous parcels of vacant land all located within a PUD approved by the City of Manor. Based on this analysis, we have concluded that an exposure/marketing time of twelve months would be considered reasonable for the subject property. This exposure/marketing time reflects typical current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject property is (or has been) actively and professionally marketed. The exposure/marketing time would apply to all valuation premises included in this report.

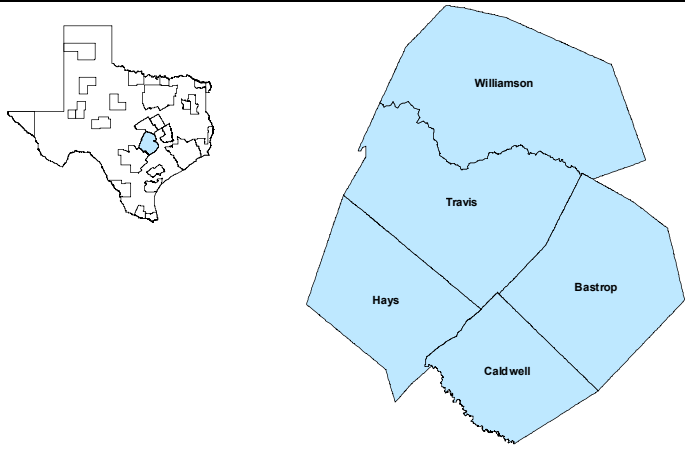
REGIONAL ANALYSIS

The appraised property is located in the northeast sector of Travis County which is also in the far north east sector of the Austin-Round Rock MSA being situated approximately 12 miles northeast of the City of Austin. Details and analysis of the area is included on the following page.



Austin-Round Rock MSA

February 2021

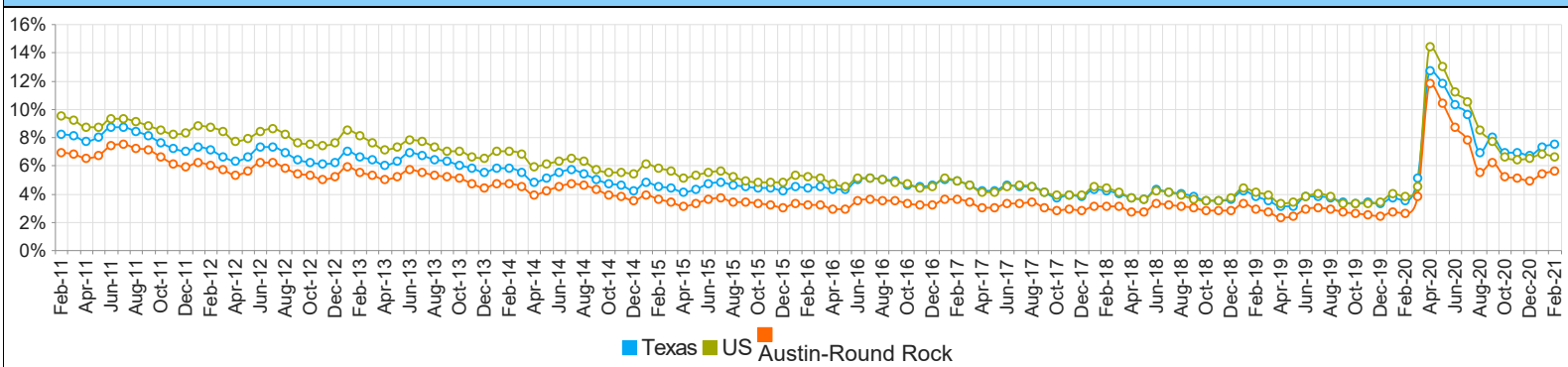


MSA Labor Force Statistics				
	Feb-21	Jan-21	Feb-20	Yearly Change
Civilian Labor Force	1,261,065	1,256,476	1,272,971	-11,906
Employed	1,190,617	1,189,047	1,239,664	-49,047
Unemployed	70,448	67,429	33,307	37,141
Unemployment Rate	5.6%	5.4%	2.6%	3.0%

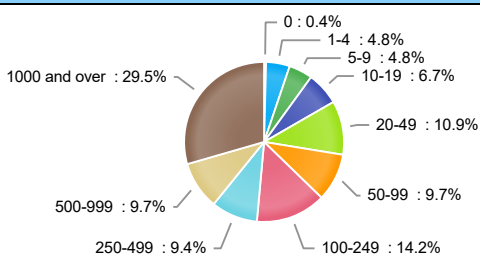
Texas Labor Force Statistics				
	Feb-21	Jan-21	Feb-20	Yearly Change
Civilian Labor Force	14,049,170	14,026,650	14,262,779	-213,609
Employed	12,989,548	13,000,673	13,761,203	-771,655
Unemployed	1,059,622	1,025,977	501,576	558,046
Unemployment Rate	7.5%	7.3%	3.5%	4.0%

US Labor Force Statistics				
	Feb-21	Jan-21	Feb-20	Yearly Change
Civilian Labor Force	160,008,000	159,234,000	164,235,000	-4,227,000
Employed	149,522,000	148,383,000	158,017,000	-8,495,000
Unemployed	10,486,000	10,851,000	6,218,000	4,268,000
Unemployment Rate	6.6%	6.8%	3.8%	2.8%

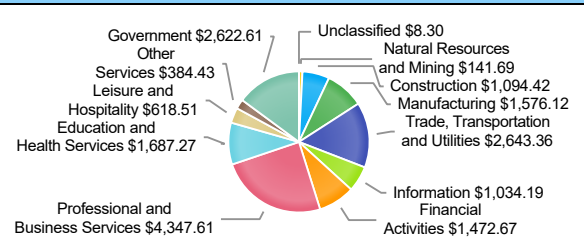
Historical Unemployment Rates



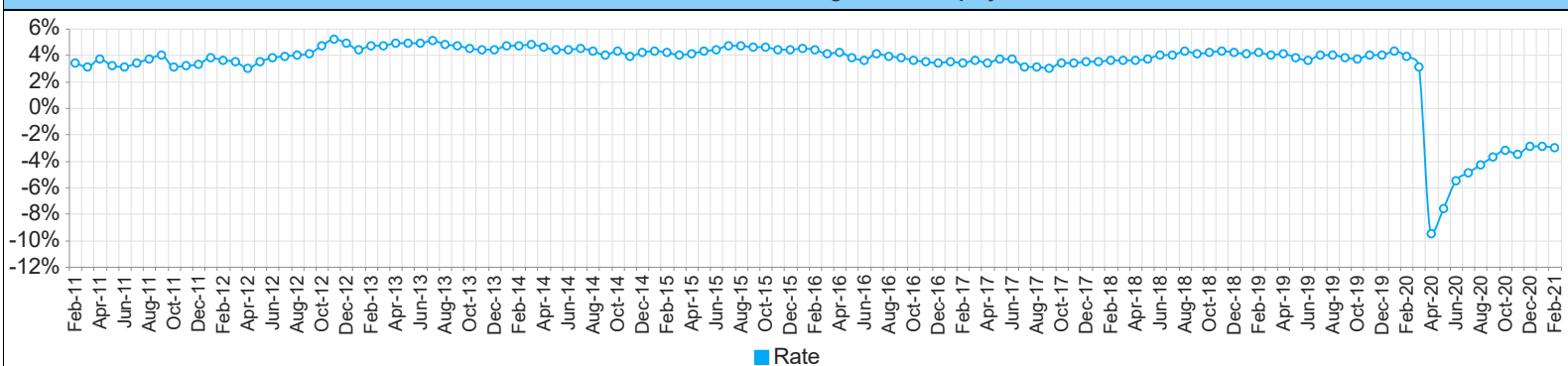
Employment by Size Class (3rd Quarter 2020)



Wages by Industry (in millions) (3rd Quarter 2020)



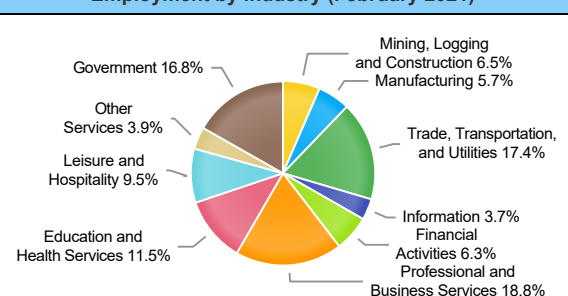
Annual Growth Rate Total Non-agricultural employment



Employment by Industry (February 2021)

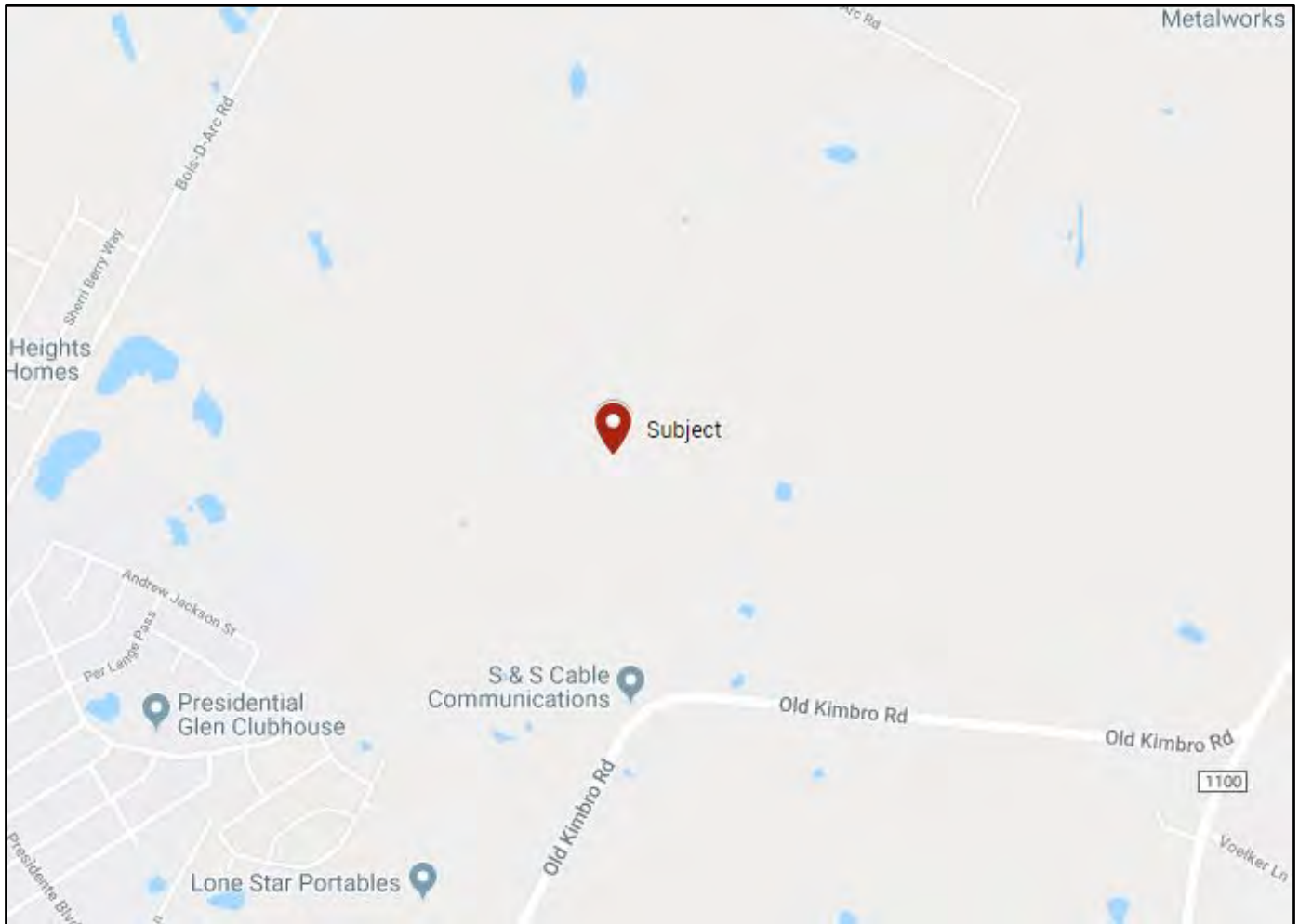
Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	1,107,800	0.6%	-3.0%
Mining, Logging and Construction	71,800	1.7%	2.1%
Manufacturing	63,000	0.2%	-1.4%
Trade, Transportation, and Utilities	192,500	0.5%	2.4%
Information	40,600	0.7%	0.7%
Financial Activities	69,900	1.5%	2.0%
Professional and Business Services	208,400	0.0%	2.9%
Education and Health Services	126,900	2.4%	-5.7%
Leisure and Hospitality	105,000	-0.6%	-21.8%
Other Services	43,200	1.2%	-9.1%
Government	186,500	0.2%	-3.2%

Employment by Industry (February 2021)



NEIGHBORHOOD ANALYSIS

The map below identifies the location of the appraised property within the neighborhood.



Location

The appraised property is located in the far northeast sector of Travis County approximately 12 miles northwest of the downtown central business district of the City of Austin and being located within the city of Manor, Texas. The property is situated along the northwest of U.S. Highway 290, both sides of Old Kimbro Road and the east side of Bois de Arc Road just northeast of downtown Manor, Texas.

Access

The primary access to the area is via U.S. Highway 290 East in an east-west direction connecting the city of Manor with Austin and surrounding traffic arteries located to the west. The entrance to Manor Heights Subdivision is via Old Kimbro Road and Bois de Arc, to the along and to the northwest of U.S. Highway 290 East. Additional access will be available to the site from several additional proposed roadways surrounding the subject that will be constructed as part of the Manor Heights Manor PID.

Land Use

The subject Manor Heights Subdivision will be a major land use in the neighborhood. The surrounding land to the north is primarily older single family residential and farms which have existed in the neighborhood for a number of years. The subject is bordered to the southwest by Presidential Glen golf course and residential subdivision. To the west the subject is bordered by Presidential Meadows and Presidential Heights single family subdivisions and several other newer single family residential subdivisions. The Presidential Subdivisions are PUD's which were developed within the past 2 to 5 years with several area home builders on 50, 55 and 60-foot lots which has reportedly been very successful. As shown in the following market analysis, development of lots and sales of homes in the Presidential subdivisions has continued to be successful showing strong positive absorption of lots in 2020.

An extensive amount of new residential and commercial development has occurred within the city of Manor over the past five years with most being located along and primarily to the north of U.S. Highway 290 East. Several of these subdivisions include Shadow Glen, Presidential Heights, Presidential Meadows and Presidential Glen. A considerable amount of new commercial development has also occurred in this vicinity with most being located in the Las Entradas development located along the north side of U.S. 290 East and Lexington Street.

Development along U.S. 290 to the west of the subject includes Starbucks, Domino's Pizza, a Walmart Supercenter, Panda Express, Whataburger, Frontier Bank, O'Reilly Auto Parts, Taco Bell along with many other local service type business, restaurants, small shopping centers and motels. The Manor Heights Subdivision is situated in the Manor ISD.

Manor Heights Subdivision

The Manor Heights subdivision is a planned unit development located within the city of Manor. Development of the subdivision has already begun. All of the construction is complete in Phase I and approximately 30% is complete in Phase II according to the developer.

All utilities will be provided by the city of Manor with some being developed as part of the proposed Manor Heights Manor PID. Access is and will be provided via asphalt paved private streets with concrete curbs, gutters and drainage. New home prices within Manor Heights are anticipated to be in the range of \$200,000 to \$300,000. The PID will include construction of and improvement of existing roadways, sewerage system, drainage system, park, landscaping and parking improvements to benefit the subject subdivision. These improvements will be owned and operated by the city once completed. *The estimated total cost of the PID improvements is \$42.6M.*

The current draft of the PID projected costs dated April 8, 2021 is outlined on the following page.

DRAFT

Exhibit B-1
Manor Heights Public Improvement District
Authorized Improvements
April 8, 2021

Authorized Improvements [a]	IA #1 [b]	IA #2	MIA	Total
<i>Internal Improvements</i>				
Water	\$ 877,624	\$ 895,023	\$ 2,648,805	\$ 4,421,452
Wastewater	\$ 761,450	\$ 1,119,316	\$ 2,192,653	\$ 4,073,419
Drainage	\$ 1,147,364	\$ 1,164,737	\$ 4,234,485	\$ 6,546,586
Roadway	\$ 3,462,805	\$ 4,889,702	\$ 8,694,008	\$ 17,046,515
Trails	\$ 59,850	\$ -	\$ -	\$ 59,850
Soft Costs	\$ 163,600	\$ 320,400	\$ 484,000	\$ 968,000
Total Internal Improvements	\$ 6,472,693	\$ 8,389,178	\$ 18,253,951	\$ 33,115,822
<i>Major Improvements</i>				
Wastewater Treatment Plant	\$ 771,027	\$ 738,755	\$ 3,610,116	\$ 5,119,898
Roadway	\$ 469,195	\$ 449,557	\$ 2,196,874	\$ 3,115,626
Soft Costs	\$ 186,033	\$ 178,247	\$ 871,049	\$ 1,235,329
Total Major Improvements	\$ 1,426,256	\$ 1,366,558	\$ 6,678,039	\$ 9,470,853
Total Authorized Improvements	\$ 7,898,949	\$ 9,755,736	\$ 24,931,990	\$ 42,586,675

Footnotes:

[a] IA #1 and #2 Improvements per the cost estimate prepared by Kimley-Horn, dated 1/8/21, MIA Internal cost estimates from OPC dated 2/19/20

[b] Lift Station included in Improvement Area #1 internal improvements.

[c] Miscellaneous includes construction staking, payment performance and maintenance bonds, mobilization, change orders and trails

[d] Excludes utilities as these costs are not PID eligible

Outlook and Conclusions

The subject areas of northeast Travis County and the Austin metropolitan area remain in a growth stage, with a strong demographic profile. In comparison to other areas in the region, the area is rated as follows:

SURROUNDING AREA ATTRIBUTE RATINGS	
Highway Access	Good
Demand Generators	Good
Convenience to Supporting Land Uses	Good
Employment Stability	Good
Demographic Trends	Average to Good
Property Compatibility	Good
General Appearance of Properties	Average
Appeal to Market	Good
Price/Value Trend	Average

Special Hazards or Adverse Influences

The appraisers observed no major detrimental influences in the local market area.

Land Use Changes

Development is expected to continue to convert vacant land into single family subdivisions and scattered commercial uses in the vicinity over the foreseeable future.

The immediate subject area is in the growth stage of its life cycle. Population growth is above average and the percentage of home ownership vs. renters is higher than other surrounding market areas. The area benefits from good transportation linkages, and positive population and employment growth trends. The subject's trade area is suburban and comprised of generally newer single-family residential subdivisions with commercial uses along highway frontage parcels. The outlook for the subject's local market area is positive with strong growth trends forecast to continue into the foreseeable future.

Demographics

The immediate subject area is projected to grow at a faster rate than the metro area as well as the 10 and 15-mile radius. Average household income in the 5.0, 10.0- and 15.0-mile radius is slightly lower than the metro area as a whole. Many of the suburban locations which are currently experiencing dramatic growth rates are designed to provide more affordable housing to young professionals working in the city of Austin due to the extremely inflated housing prices within the City of Austin. Additionally, the percentage of owner-occupied units is higher in the immediate area than the metro area. We have relied on economists' projections from Environics Analytics in order to isolate potential housing demand at the subject property. The projected household growth in the 10.0-mile radius is summarized in the chart on the following page.

Projected Household Growth for Subject Area (15.0 mile radius) - Per Envirionics Analytics

Subject Area Percentage of Growth	1.89%	1.89%	1.89%	1.89%	1.89%
Subject Area Households	44,854	45,710	46,582	47,471	48,376
Subject Area Annual Household Growth	850	866	882	899	916

DEMOGRAPHIC ANALYSIS

	5-Mile Radius	10-Mile Radius	15-Mile Radius	2021 Austin-Round Rock CBSA
Population				
2026 Projection	26,732	47,507	154,119	2,494,034
2021 Estimate	24,126	43,251	140,480	2,298,224
2010 Census	15,996	29,520	96,185	1,716,289
2000 Census	5,217	13,987	46,494	1,249,777
Percent Change: 2021 to 2026	10.80%	9.84%	9.71%	8.52%
Percent Change: 2010 to 2021	50.83%	46.51%	46.05%	33.91%
Percent Change: 2000 to 2010	206.61%	111.05%	106.88%	37.33%
Households				
2026 Projection	8,085	14,753	49,104	954,419
2021 Estimate	7,332	13,468	44,854	876,463
2010 Census	4,957	9,319	31,048	650,459
2000 Census	1,746	4,662	14,997	471,863
Percent Change: 2021 to 2026	10.27%	9.54%	9.47%	8.89%
Percent Change: 2010 to 2021	47.91%	44.52%	44.47%	34.74%
Percent Change: 2000 to 2010	183.91%	99.89%	107.03%	37.85%
2016 Est. Households by HH Income				
Income < \$15,000	7.07%	7.39%	6.38%	6.77%
Income \$15,000 - \$24,999	4.28%	4.63%	4.85%	5.25%
Income \$25,000 - \$34,999	7.12%	6.79%	5.85%	6.19%
Income \$35,000 - \$49,999	12.98%	11.66%	10.53%	9.99%
Income \$50,000 - \$74,999	19.22%	18.27%	18.51%	16.32%
Income \$75,000 - \$99,999	17.87%	16.71%	14.62%	12.85%
Income \$100,000 - \$124,999	12.86%	12.78%	12.26%	10.54%
Income \$125,000 - \$149,999	7.98%	8.22%	9.48%	8.33%
Income \$150,000 - \$199,999	5.61%	7.23%	9.28%	9.71%
Income \$200,000 - \$249,999	2.32%	2.32%	4.23%	5.09%
Income \$250,000 - \$499,999	2.06%	2.46%	3.14%	5.61%
Income \$500,000+	0.66%	0.72%	0.86%	3.35%
Average Household Size	3.29	3.17	3.12	2.58
Median Household Income	\$74,100	\$76,772	\$81,112	\$84,981
Average Household Income	\$87,908	\$92,439	\$100,342	\$119,005
Renter-Occupied	16.41%	18.70%	25.25%	40.10%
Owner-Occupied	83.59%	81.30%	74.75%	59.90%

Source: Envirionics Analytics

RESIDENTIAL MARKET ANALYSIS

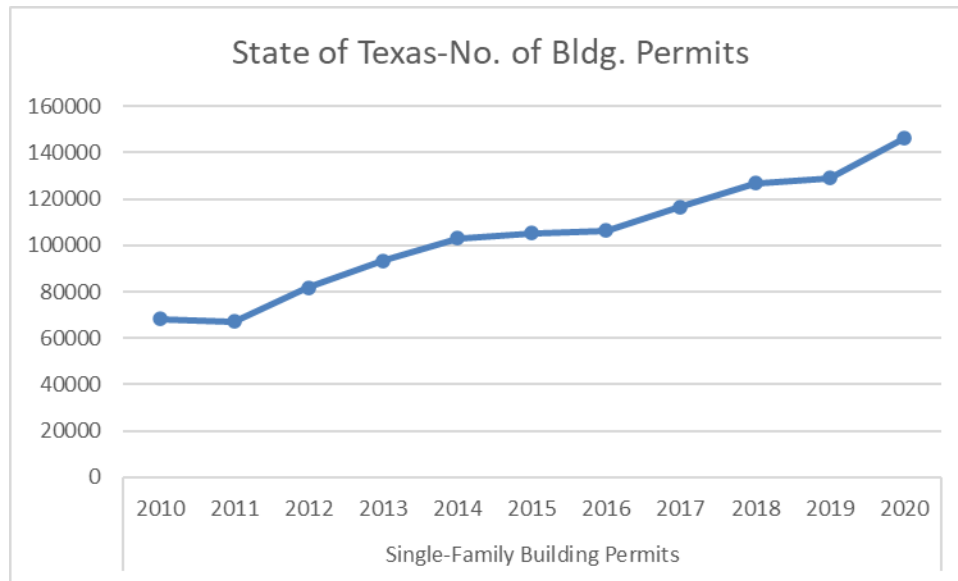
The strength of any market depends on supply and demand. Supply and demand in this submarket directly affect the subject’s value, as well as its potential exposure time and marketing period. As the subject is situated within the Austin-Round Rock MSA, we have included an overview of the Travis County single family market.

Over the past few decades, the region from San Antonio to Austin has grown substantially in all directions, bounded primarily by the limitations imposed by geography.

Single Family Market Overview – State

In 2020, Texas issued a total of 146,232 single family building permits which was an increase of 13.28% over 2019. In 2019, Texas issued a total of 129,094 single family building permits which was an increase of .08% over 2018. In 2015, Texas issued a total of 166,203 single family building permits which was a 9.8% increase over the previous year. Between 1998 and 2005, permit activity increased every year, with 10% to 12% increases in 2002 through 2005 during the heated period leading up to the subprime crisis. However, totals have again increased each year since 2010, with the greatest annual increase since 2010, occurring in 2018. Reportedly, homebuilding in suburban and rural areas has increased notably in 2020 over 2019.

Single-Family Building Permits											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
State of Texas	68170	67254	81926	93478	103045	105448	106511	116766	126873	129094	146232
Source: U.S. Census Bureau and Real Estate Center at Texas A&M University											



The strength of any market depends on supply and demand. Supply and demand in this submarket directly affect the subject’s value, as well as its potential exposure time and marketing period. As the subject is situated within the Austin-Georgetown MSA, we have included an overview of the Austin-Georgetown single family market followed by an overview of the subject immediate market area in far northeast Travis County focusing on competing properties for the subject, Manor Heights Subdivision, proposed lots.

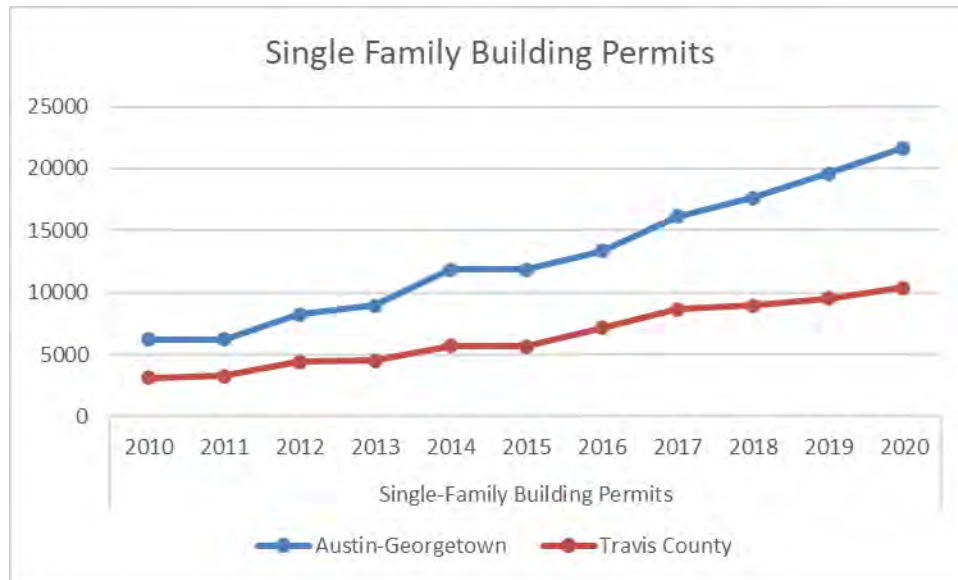
Over the past few decades, the city of Austin grew substantially in all directions, bounded primarily by the limitations imposed by geography.

Single Family Market Overview –Austin-Georgetown MSA

Single family permit activity has grown dramatically over the past 10 years in the MSA, which includes condominium units, from 2010 through 2020 is as follows. The source of all data in the charts in this section is the Real Estate Center at Texas A&M University, and the data is through December 2020. As can be seen, single family building permits have increased notably over the past 10 years, exacerbated since 2017. Building permits showed a strong increase in the years 2010 through 2020, with 6,200 building permits issued in 2010 in the Austin MSA increasing to 21,653 in 2020.

Single-Family Building Permits											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Austin-Georgetown	6200	6231	8261	8954	11842	11857	13327	16119	17665	19617	21653
Travis County	3140	3292	4428	4495	5729	5652	7172	8655	8978	9524	10383

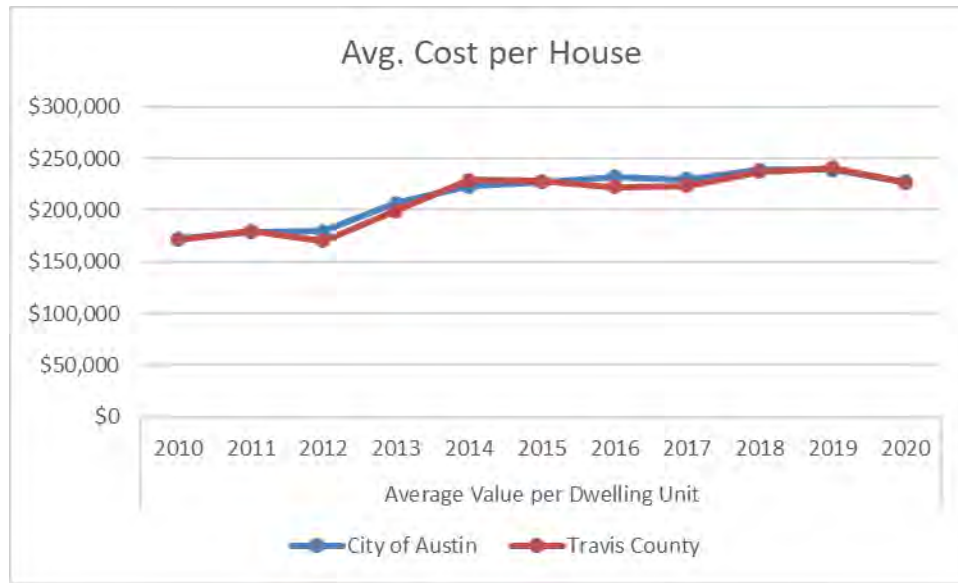
Source: U.S. Census Bureau and Real Estate Center at Texas A&M University



The Average Value per Dwelling Unit in Austin increased from \$172,500 in 2010 to \$227,616 in 2020 and for Travis County from \$171,600 to \$227,000. The increase has been growing at a strong rate over the past several years. The chart and graph below show the rise in average value per dwelling.

Average Value per Dwelling Unit											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City of Austin	\$172,500	\$179,300	\$179,800	\$206,900	\$223,000	\$227,300	\$232,300	\$229,900	\$239,000	\$239,075	\$227,616
Travis County	\$171,600	\$179,900	\$170,300	\$199,400	\$229,000	\$228,300	\$222,200	\$223,500	\$237,200	\$240,900	\$227,000

Source: U.S. Census Bureau and Real Estate Center at Texas A&M University



Competitive Market Overview – Manor Heights Subdivision

The single family lots for Manor Heights include 264 completed single family lots in Phase I, with all being 50' lots with an average lot size of 0.149 acre. The partially completed lots in Phase II include 251, 50'-55' lots with an average lot size of 0.154 acres. There are also 733 proposed single family lots to be located in proposed phases III, IV and V which will be 50', 55', 60' lots. The lots will be sold to area and national homebuilders under bulk takedown contracts. A total of 180 lots in Phases I and II are under contract as of the date of appraisal for \$60,000 to \$65,000 per lot (depending upon frontage) with an annual escalation of 6%. The takedown schedule includes an initial 35 lots and then a minimum of 36 lots per quarter (144 per annum). Lots in proposed Phases III, IV and V are not under contract as of the effective date of this appraisal.

Annual lot closings among the comparables for all lot types range from 34 to 126 with an average of 56 per subdivision per annum.

Within the Manor Heights Subdivision, there will be a proposed supply of approximately 515 lots in Manor Heights Phases I and II with an average size of 50' X 130' and 55' X 130'. Additionally, the vacant entitled land includes an additional 733 proposed lots in Phases III, IV and V of Manor Heights Subdivision. It is judged that the marketing of these lots be successful based on the number of homes successfully developed within the surrounding market area over the past several years. The success of these comparable subdivisions and the favorable single-family residential market indicates that marketing of the subject existing and proposed lots should occur at a relatively strong rate until sold out.

The comparable lot absorption analyzed above is shown in the chart on the following page.

DETACHED HOME PRODUCT				LOT PRICING			
Subdivision / Comp No.	Existing Lots	Lots Sold per Year	Remaining Lots Avail.	Annual Sales Starts 19-20	Lot Size (FF) Lot Pricing	Home Price	Avg. Base Price Lot % of Price
Manor Heights Phases I & II	515	180		-	50'	\$250,000	\$275,000
Proposed			335	-	\$60,000	\$300,000	21.8%
1. Lagos Phase 1	123	118			50'	\$227,000	\$275,000
		2019-2020		43		to	
			9	45	\$58,427	\$300,000	21.2%
2. Heritage at Wildhorse Sec. 1	118	118			40' - 60'	\$255,000	\$320,000
		2019-2020		65		to	
			0	69	\$58,427-\$73,034	\$350,000	20.5%
3. Presidential Glen-Phase 7	166	164			50'	\$200,000	\$250,000
		2019		122		to	
			2	126	Not Disclosed	\$270,000	N/A
4. Presidential Heights-Phase 4	109	86			50'	\$196,000	\$210,000
		2019		57		to	
			23	60	Not Disclosed	\$235,000	
5. Presidential Meadows-Phase	118	115			40'-50'	\$190,000	\$235,000
		2019-2020		32		to	
			3	34	Not Disclosed	\$257,000	N/A
Total			372	334			
Minimum	109	86	0	34	40	190,000	
Average	192	120	62	56	50	258,000	
Maximum	515	164	335	126	60	350,000	

Qualifying Potential

Qualifying potential was also considered in ascertaining effective demand for the subject single-family development. Using several of the most comparable subdivisions as a basis to estimate the price range of homes in Manor Heights, it is estimated that the average home price will range from \$200,000 to \$300,000. The required annual household income needed to qualify for a conventional 30-year 3.52% fixed mortgage was determined using a 90% loan-to-value ratio, a 3.685% factor for property taxes (including PID taxes and 0.30% for insurance). The subject homes are planned to be subject to both homeowner's association dues as well as PID fees. Which, combined, are likely in the \$1,400 to \$1,700 per year range, or an additional 0.15469%. A mortgage-debt ratio of 27.5% of annual income (assuming some level of consumer debt, on average). Per these assumptions, the annual household income required to qualify for the subject home is as follows:

Qualifying Purchasers			
\$200,000	\$180,000	\$13,707	\$49,843
to			27.5%
\$300,000	\$270,000	\$20,560	\$74,764

The range of household income requirements is indicative of middle-income level housing. For this analysis, the qualifying household income levels in the range of \$50,000 to \$250,000 per annum for the 15-mile radius were utilized as they are more similar to the income levels of the target market for the subject project and as most of the directly competing subdivisions are located in this area. As evidenced by absorption of similar

product in the submarket and the qualifying analysis, there are a reasonable number of prospective buyers having sufficient purchasing power for housing in this price range.

Target Market

Based on the anticipated home product and the appraisers' survey of competitive projects, the expected target market is for quality made, well designed middle level income home buyers. The following reflects the projected household demand within the 15-mile radius micro market (Travis County) using a base of 44,854 homes in 2021, growing to 48,376 homes in 2025 taken and projected from the Environics Analytics Demographic report presented earlier. This household growth is then qualified to the income requirements for the specified housing type (approximately 68.38% of households within the subject area fall within the qualifying income category).

Total Market by Income Strata - 15 mile radius					
Household Growth	850	866	882	899	916
% of Households in Income Strata	68.38%	68.38%	68.38%	68.38%	68.38%
Total Annual Market by Income Strata	581	592	603	615	627

Based on demographics for the 1-mile radius, it is shown that 74.75% of homeowners have a single-family ownership preference; the total submarket demand can be estimated at 434 homes per year for 2020. There are a total of 264 existing and partially complete lots in Phases I and II, and 733 future lots proposed for Phases III, IV and V.

As discussed previously, competing subdivisions reflect absorption for 2020 ranging from 34 to 126 with an average of 56 lots per annum per subdivision.

According to the market study as outlined in the chart on the following page, the existing supply of the comparable subdivision surveyed including the subject 264 lots totals 552 lots. The subject existing and partially complete lots in Phases I and II total 515 lots which comprises a total of approximately 93% of the existing comparable single-family lot inventory from the survey, however, it is noted that not all comparable subdivisions were surveyed and that the inventory shown in our survey is not comprehensive and does not include all of the existing supply of comparable lots in the subject immediate market area market area. Using a conservative capture ratio of 25% to 35%, say 30.0% of the existing supply would equate to potential subject lot sales of 130 in Year 1 rising to 133 in Year 2 with slight increases each year thereafter based on the demographic projections for the neighborhood. At this rate, the lots in Phases I and II would sellout in Year 4. It is projected that the entitled lots in Phases III, IV and V would be developed at that time and would begin selling in Year 5. By Year 9, the proposed lots in Phases III, IV and V would all be sold based on the projected population growth extracted from the demographic projections utilized. The projected absorption is substantiated by the subject lot contracts to Continental Homes which provides for a lot takedown of 12 lots per month or 36 per Quarter which equals 144 per year.

The projections outlined above are based on projected annual household growth and historic absorption in the subject market area. This projection is judged to be reasonable based on sales histories of competing subdivision in the subject market area.

		Projected Annual Absorption								
Fiscal Start Period - 2021		1	2	3	4	5	6	7	8	9
Total Market by Income Strata		581	592	603	615	626	638	650	663	675
Single Family Preference	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%
Total Market for Development		434	443	451	460	468	477	486	495	505
Estimated Capture Rate		<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>	<u>30.0%</u>
Yearly Potential Sales for Subject		130	133	135	138	140	143	146	149	151
Phase 1 & 2 Lot Sales	515	130	133	135	117	0	0	0	0	0
Phases 3, 4 and 5 Lot Sales	733					140	143	146	149	157
Sub Total	1,248	130	133	135	117	140	143	146	149	157
Running Total		130	263	398	515	655	798	944	1,093	1,250

Subject Land Use: Proposed Lots Phases I and II; Future Proposed Lots Phases III, IV and V

The existing, partially complete and future proposed lots in Manor Heights Subdivision Phases I through V have one primary product type, quality single family home development on single family lots with an average lot size of 0.154 acres. In our product analysis, the appraisers will analyze the market data and develop revenue estimates (base price) for this product type. The appraisers have reviewed the competitive home pricing by submarket, lot size, and on a project-by-project basis. The appraisers formulated hypothetical product and pricing assumptions for the subject's detached product. The chart at the end of this section summarizes our findings and will be referenced in the following discussion.

Product Type – Single family Lots

The subdivision lots, which are the subject of this appraisal include 515 proposed lots in Phases I and II, and 733 future proposed lots in proposed phases III, IV and V of Manor Heights. All of the lots are single family lots which are basically 50' X 130', 55' X 130' and 60' X 130' lots. The lots in Phase I have an average lot size of 0.149 acre with all being 50' lots; in Phase II the average lot size is 0.154 acre with 176 50' lots and 75 55' lots; in Phase III the average lot size is 0.156 acre being 193-50' lots, 44-55' lots, and 47-60' lots; In Phase IV the average is 0.150 with 233 50' lots and 19 55' lots; in Phase V, the average is 0.165 acre with 88 50' lots, 12 55' lots and 97 60' lots. Since all of the lots are very similar in overall size and front feet we have used an average lot size in calculating average lot sale price. The average lot size for the entire proposed Manor Heights is 0.154 acre. We used similar sized lot comparables in our analysis. The estimated median home price in Manor Heights of Manor Heights is anticipated to be in the range of \$200,000 to \$300,000. The lot value conclusions are discussed in the Valuation Section of this report. The concluded retail lot pricing for the proposed single family lots in Year 1 is \$1,200 per front foot or as follows: 50-foot lots - \$60,000, 55-foot lots - \$66,000 and 60-foot lots - \$72,000. Lot prices are projected to increase 6% per annum in subsequent years. Phase I of the subject subdivision lots are currently under contract to Continental Homes for a lot price of \$60,000 per 50-foot lot.

LOT SALE COMPARABLES									
Sale No.	Project Address/Location	Lot Type	Sale Date	Lot Price Purchase Type	# Lots	Avg. Lot Size	Price Per FF	Avg Home Price	Lot to Home Ratio
	Manor Heights Buyer-Continental Homes	SFR		\$60,000 Take Down	180	50 FF	\$ 1,200	\$250,000	24.0%
	50'- Lots	50'	11/06/2020	incr. 6%/Ann.					
1	Lagos Subdivision Buyer-Ashton Woods	SFR		\$58,427 Take Down	118	50 FF	\$ 1,169	\$270,000	21.6%
	50'- Lots	50'	2019-2020	incr. 6%/Ann.					
2	Heritage Point @ Wildhorse Ranch Buyer-Taylor Morrison	SFR		\$58,427 \$73,034	88	40 FF 50 FF	\$ 1,461 \$ 1,461	\$300,000	22.0%
	40' & 50' Lots	40' & 50'	2019-2020	Take Down					
3	Wildhorse Ranch Subdivision Buyer-Pulte Home	SFR		\$54,800 \$66,000	88	40 FF 50 FF	\$ 1,370 \$ 1,320	\$295,000 \$320,000	18.6% 20.6%
	40' & 50' Lots	40' & 50'	2019	Bulk Purchase					
4	Heritage Point @ Wildhorse Ranch Buyer-The Brohn Group	SFR		\$63,203 Take Down	56	50 FF	\$ 1,264	\$325,000	19.4%
	50' Lots	50'	2019	Bulk Purchase					

COMMERCIAL/ MIXED USE/MULTI-FAMILY LAND MARKET ANALYSIS

The subject includes eight tracts of commercial/mixed use/medium density residential land. It is judged that demand for development of these sites will increase as new homes are constructed in the neighborhood. Typically, the demand for multi-family housing and commercial development follows development of single-family housing as demand increases when the population grows.

Retail Market

It is judged that the most likely use of the US Hwy 290 frontage tracts as well as select interior tracts is for retail/neighborhood commercial development which typically follows residential development in order to provide support services for the new households in the market area. The subject market area has seen a limited amount of new commercial development to date although the number of households has increased dramatically in recent years.

According to a custom CoStar Retail Market Analysis, for Manor (encompassing a 15 mile radius of the subject area) indicates a retail inventory of 1.4 million square feet, at an average market rental of \$25.40 per square foot per year, net, and a vacancy rate of 23.0%. The survey reflects a 12 month absorption of 22.2 thousand square feet. There are currently 57.5 thousand square feet under construction in the entire market area, however, no new projects are shown to be under construction within the City of Manor. The market appears relatively strong and improving.

Search Analytics

INVENTORY SF 1.4M +0.5% <small>Price Period: 1 Yr</small>	UNDER CONSTRUCTION SF 57.5K +139.1% <small>Price Period: 36.1Yr</small>	12 MO NET ABSORPTION SF 22.2K +431.9% <small>Price Period: (6.7K)</small>	VACANCY RATE 23.0% -1.1% <small>Price Period: 24.1Yr</small>	MARKET RENT/SF \$25.40 -0.6% <small>Price Period: 22K SF</small>	MARKET SALE PRICE/SF \$237 +1.3% <small>Price Period: 322M</small>	MARKET CAP RATE 6.6% +0% <small>Price Period: 4 Yr</small>
---	---	---	--	--	--	--

Key Metrics

Availability		Inventory	
Vacant SF	324K ↓	Existing Buildings	56 ↑
Sublet SF	0 ↓	Under Construction Avg SF	11.5K ↑
Availability Rate	34.7% ↑	12 Mo Demolished SF	0 ↓
Available SF	509K ↑	12 Mo Occupancy % at Delivery	58.6%
Available Asking Rent/SF	\$17.27 ↓	12 Mo Construction Starts SF	39.8K ↑
Occupancy Rate	77.0% ↑	12 Mo Delivered SF	6.8K ↑
Percent Leased Rate	77.4% ↓	12 Mo Avg Delivered SF	6.8K
Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	1.6% ↑
Sale to Asking Price Differential	-	12 Mo Leased SF	121K ↓
Sales Volume	\$0 ↓	Months on Market	8.1 ↓
Properties Sold	1 ↓	Months to Lease	11.7 ↑
Months to Sale	-	Months Vacant	21.0 ↑
For Sale Listings	3 ↑	24 Mo Lease Renewal Rate	18.5%
Total For Sale SF	47.9K ↑	Population Growth 5 Yrs	8.4%

Multi-Family

A multi-family analysis prepared by CoStar custom analytics regarding the Manor market indicates an inventory of 256 units and an average occupancy of 85.9%. The 12-month absorption rate is 133 units and 492 new units are under construction. Average rental rates are \$1,200 per unit. The reflected 12-month absorption rate is shown to be 133 units. Overall, the multi-family market is indicated to be healthy.

Search Analytics

INVENTORY UNITS 256 +0% <small>Price Period: 256</small>	UNDER CONSTRUCTION UNITS 492 +186.0% <small>Price Period: 172</small>	12 MO ABSORPTION UNITS 133 +68.4% <small>Price Period: 75</small>	VACANCY RATE 14.1% -52.1% <small>Price Period: 65, 3%</small>	MARKET RENT/UNIT \$1,220 +2.5% <small>Price Index: \$1,102</small>	MARKET SALE PRICE/UNIT \$196K +0.7% <small>Price Period: \$105K</small>	MARKET CAP RATE 4.8% -0.1% <small>Price Period: 4.9%</small>
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Key Metrics

Availability		Inventory	
Vacant Units	36 ↓	Existing Buildings	2 ↓
Asking Rent/SF	\$1.48 ↑	Average Units Per Bldg	128 ↓
Concession Rate	0.3% ↑	12 Mo Demolished Units	0 ↓
Studio Asking Rent	-	12 Mo Occupancy % at Delivery	-
1 Bedroom Asking Rent/Unit	\$1,142 ↑	12 Mo Construction Starts Units	0 ↓
2 Bedroom Asking Rent/Unit	\$1,320 ↑	12 Mo Delivered Units	0 ↓
3 Bedroom Asking Rent/Unit	\$1,754 ↑	12 Mo Avg Delivered Units	-

Sales Past Year		Demand	
Asking Price Per Unit	-	12 Mo Absorp % of Inventory	51.8% ↑
Sale to Asking Price Differential	-	Median Household Income	82K
Sales Volume	\$0 ↓	Population Growth 5 Yrs 20-29	5.8%
Properties Sold	0 ↓	Population Growth 5 Yrs 30-39	4.8%
Months to Sale	-	Population Growth 5 Yrs 40-54	15.4%
For Sale Listings	-	Population Growth 5 Yrs 55+	30.4%
Total For Sale Units	-	Population Growth 5 Yrs	10.9%

LAND AND DEVELOPMENT ANALYSIS

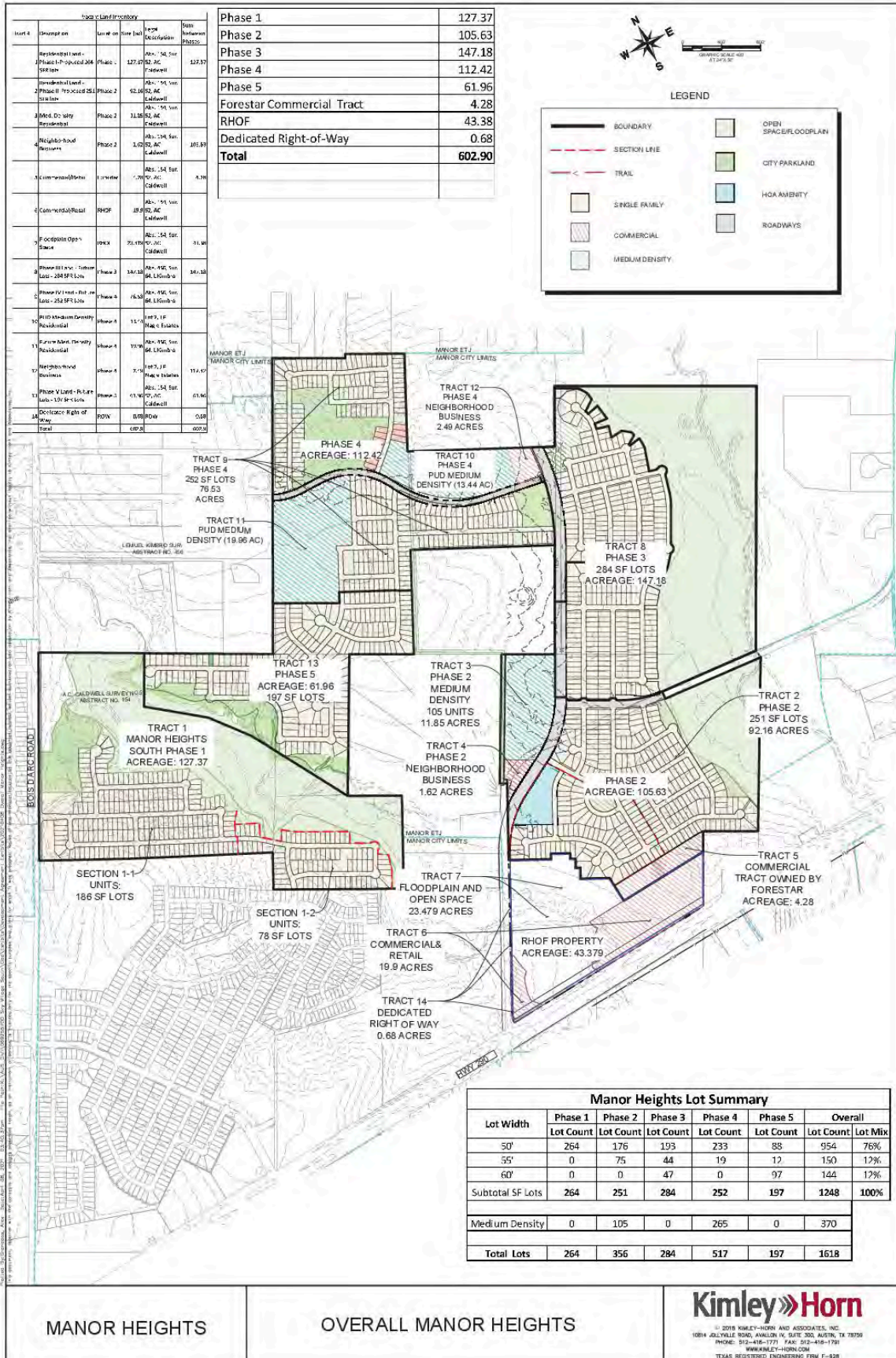
The following description of the subject's characteristics is based on the proposed development plan and our physical property tour/visit. Please refer to the photographs for a visual perspective of the subject's physical characteristics. The subject subdivision includes approximately 602.899 acres of land area. This appraisal specifically addresses 264 completed single family lots in Phase I; 251 proposed (partially complete) lots in Phase II (for a total of 515 lots); and 733 proposed single-family lots to be located in proposed units III, IV, and V of Manor Heights. Phase I contains approximately 127.370 acres; Phase II contains 92.160 acres; Phase III contains 147.180 acres; Phase IV contains 76.530 acres and Phase V contains 61.96 acres. It is noted that there is a 23.48 acre tract of flood/park land within the residential development tracts. The vacant land for Phases I and II has been valued in the Valuation Section using the Sales Comparison analysis for use in the Cost Approach. The entitled land for Phases III, IV and V has not been valued as raw vacant land as it is difficult to find entitled land sales for use in the Sales Comparison analysis. These three tracts have been valued utilizing a subdivision analysis and subtracting estimated development costs in order to indicate current market value of the raw land for these three tracts.

Additionally, there are four (4) tracts of vacant commercial land, three (3) tracts of vacant mixed use/medium density residential land and one (1) tract of floodplain land. The current market value of these tracts has been estimated utilizing the sales comparison approach found in the Valuation Analysis section of this report.

The vacant land tracts are summarized as follows:

Vacant Land Inventory				
Tract #	Description	Location	Size (ac)	Legal Description
1	Residential Land - Phase I-Proposed 264 SFR lots	Phase 1	127.37	Abs. 154, Sur. 52, AC
2	Residential Land - Phase II-Proposed 251 SFR lots	Phase 2	92.16	Abs. 154, Sur. 52, AC
3	Medium Density Residential	Phase 2	11.85	Abs. 154, Sur. 52, AC
4	Medium Density/Neighborhood Bus	Phase 2	1.62	Abs. 154, Sur. 52, AC
5	Commercial/Retail	RHOF	4.28	Abs. 154, Sur. 52, AC
6	RHOF Commercial	RHOF	19.90	Abs. 154, Sur. 52, AC
7	RHOF Floodplain	RHOF	23.48	Abs. 154, Sur. 52, AC
8	Phase III Land - Future Lots - 284 SFR Lots	Phase 3	147.18	Abs. 456, Sur. 64, L
9	Phase IV Land - Future Lots - 252 SFR Lots	Phase 4	76.53	Abs. 456, Sur. 64, L
10	PUD Medium Density Residential	Phase 4	13.44	Lot 2, J F Nagle Estates
11	Future Med. Density Residential	Phase 4	19.96	Abs. 456, Sur. 64, L
12	Neighborhood Business	Phase 4	2.49	Lot 2, J F Nagle Estates
13	Phase V Land - Future Lots - 197 SFR Lots	Phase 5	61.96	Abs. 154, Sur. 52, AC
14	Dedicated Right of Way (Old Kimbro Road)		0.68	Abs. 154, Sur. 52, AC
Total			602.90	

A location map of the subject parcels is included on the following page (each parcel is identified by number).



MANOR HEIGHTS

OVERALL MANOR HEIGHTS

Kimley»Horn

© 2015 KIMLEY-HORN AND ASSOCIATES, INC.
 1026 JEFFERSON ROAD, ARLINGTON, TEXAS 76010, TX 76010
 PHONE: 817-416-1771 FAX: 817-416-1791
 WWW.KIMLEY-HORN.COM
 TEXAS REGISTERED ENGINEERING FIRM F-928

Lot Analysis

The subject includes 264 completed single-family residential lots in Phase I and 251 partially completed single family lots in Phase II (appraised as if completed). There are an additional 733 proposed future lots in Phases III, IV and V.

LAND USE SUMMARY - PHASES I-V MANOR HEIGHTS SUBDIVISION									
Type	Total		Ac/Lot	Gross		Total		Future Condition	Proposed Condition
	Lots	FF		SF/Lot	Net SF	Net Ac.	Gross Ac.		
SFR Lots - Phase I	264	50'	0.149	6,500	1,716,000	39.394	127.370	Finished Lots	Single Family Homes
SFR Lots - Phase II	251	50'-55'	0.154	6,694	1,680,250	38.573	92.160	Finished Lots	Single Family Homes
SFR Lots - Phase III- Future Lots	284	50', 55', 60'	0.156	6,816	1,935,700	44.438	147.180	Finished Lots	Single Family Homes
SFR Lots - Phase IV - Future Lots	252	50'	0.150	6,549	1,650,350	37.887	76.530	Finished Lots	Single Family Homes
SFR Lots - Phase V - Future Lots	197	50', 55', 60'	0.165	7,180	1,414,400	32.470	61.960	Finished Lots	Single Family Homes
Total	1,248		0.154	6,728	8,396,700	192.762	505.200	Finished Lots	Single Family Homes

The existing and proposed lots are all generally rectangular in shape with generally level topography and a buildable site area on each lot. The lots will have all utilities including water, sewer and electricity service extended to each site. All utilities will be underground with asphalt paved streets and concrete curbs.

The physical characteristics of the undeveloped residential land is included as follows. A general description of the property follows a brief summary of the vacant land tract included below. Plats of the land and lots are included following this description.

Residential Land: Phases I through V

The residential land includes five tracts of vacant land as shown on the previous page. Phase I contains a gross land area of 127.370 acres and will be developed with 264 lots with a net lot acreage of 39.394 acres. Phase II contains a total gross land area of 92.16 acres and will be developed with 251 lots with a net lot acreage of 38.573 acres. The Phase III contains a gross land area of 147.180 acres and will be developed with 284 lots with an estimated net lot acreage of 44.438 acres. The Phase IV contains a gross land area of 76.530 acres and will be developed with 252 lots and a net lot acreage of 37.887 acres. The Phase V tract contains a gross land area of 61.96 acres and will be developed with 197 lots with a net lot acreage of 32.470 acres.

The remainder of the land area between the gross acreage of each tract and the net lot acreage of each tract will be street rights-of-way, greenbelts, landscape lots, parkland and flood plain. The greenbelt and parkland are based upon the PID agreement, City of Manor requirements and developer design.

4 tracts Commercial Land; 3 tracts Mixed Use/Medium Density Residential Land and 1 tract Floodplain Land

The commercial land includes 4 tracts of vacant land: Tract No. 4 which contains 1.62 acres and is located along the west side of Old Kimbro Road adjacent to Phase II; Tract No. 5 which contains 4.28 acres and is located just northwest of U.S. 290 along the south side of Phase II; Tract No. 6 is a 19.90 acre tract designated for commercial development located along the northwest side of U.S. 290 and the east side of Old Kimbro Road to the south of Phase II; Tract No. 12 contains 2.49 acres and is designated for neighborhood business use and will be located along the far northerly extension of the Old Kimbro Road between Phases III and IV.

The mixed use (multi-family) land includes 3 tracts of vacant land: Tract No. 3 contains 11.85 acres and is located along the west side of Old Kimbro Road adjacent to Phases II and III. Tract No. 10 contains 13.44 acres and is located to the west of Old Kimbro Road in the northerly part of the development adjacent to Phase IV; and Tract No. 11 which contains 19.96 acres and is also situated in the far northern portion of the entire development adjacent to Phase 4. The floodplain land is designated as Tract No. 7 which contains 23.48 is situated along the east side of Old Kimbro Road adjacent to the south side of Phase II.

Topography

The topography of the residential, commercial and multi-family land is generally level with a sloping valley located in the mid northern sector. It is noted that Phase I features sloping land downward into to flood area. The land tracts are generally irregular with most being somewhat rectangular in configuration. The southern boundary of the subject entire property lies adjacent to the Presidential Meadows subdivision. The commercial and multi-family tracts are generally rectangular in configuration. The land is well suited for future residential, commercial and multi-family development. All public utilities and roadways will be provided to each lot and each tract of land. New streets and utility capacity will be expanded by funding from the proposed Manor Heights/Manor PID.

Location

The Manor Heights Subdivision (parent property) is situated along the northwest side of U.S. Highway 290, along both sides of Old Kimbro Road and along the east side of Bois de Arc Road. The property is located just northeast of downtown Manor. The subject property will have access via the roadways mentioned above and several new proposed roadways which will be developed as part of the PID within the parent project.

Physical Attributes

The subject site currently includes vacant land tracts all located within the proposed Manor Heights Subdivision. It is surrounded by existing development to the south and west with mostly vacant undeveloped land to the north and east. Each site has (or will have) street frontage on existing or proposed streets with good visibility, frontage and access. All utilities will be extended to the property as part of the PID including water, sewer, telephone and electricity which are or will be underground following the roadways bisecting the site.

Streets

The subject/parent Manor Heights subdivision includes numerous streets and cul-de-sacs providing frontage and access to each lot. As stated above, there are several existing rights-of-way through the subject site and several more are proposed. The main entry streets extend in a north/south direction through Manor Heights include Old Kimbro Road and Bois de Arc Road. Additional streets will be developed with subsequent phases. A portion of Old Kimbro Road will be abandoned and reconstructed in accordance with the proposed master plan.

The streets are 60-foot right-of ways with two-lanes of two-way traffic. All streets will be asphalt-paved roadways with concrete curbs. Traffic at the subject's street frontage is limited to local neighborhood traffic. Streets have been or will be (when complete) dedicated to the city of Manor and maintenance will be by the city once all roadways are complete according to guidelines outlined in the PID documents.

Accessibility

The development has excellent access via existing streets and the existing U.S. Highway 290 frontage. U.S. Highway 290 is a divided, two-way highway with two-lanes on each side which is asphalt paved and maintained by the State of Texas.

Topography/Vegetation

The land features generally level to sloping topography which is considered favorable to development. The majority of the vacant land site is basically open and cleared land.

Zoning and Restrictions

The appraised property lots and land are located within the Manor Heights Planned Unit Development (PUD) which is situated within the city of Manor. Zoning designations and development restrictions are outlined in the PUD which has been approved by the City of Manor. The PUD use restrictions (zonings) are for single family residential, commercial and medium density residential use. The property is also subject to subdivision development restrictions of the City of Manor. It is reported that the existing and proposed development is in accordance with guidelines outlined in the PUD.

Utilities

The property is served by public utilities including water, sewer, electricity, and telephone. Additional utility capacity, drainage, roadway development and other related infrastructure will be provided via funding from the Manor Heights/Manor PID.

Surrounding Development

The Manor Heights Subdivision is surrounded by larger tracts of vacant land to the north and east with new home development in Presidential Glen and Presidential Meadows to the south and west.

Development Schedule

The subject property 264 lots in Phases I are now 100% complete and the proposed 251 lots in Phase II are partially (30%) complete. The proposed lots in Phase II are projected to be completed within the next 3 months. The proposed lots in Phases III, IV and V are expected to occur over a longer term and for purposes of this analysis are projected to be developed in Year 4 of the analysis with sales projected to begin in Year 5.

Easements/Encroachments

Based on our visit and available maps, no easements or encroachments were noted which would be detrimental to development of the subject site. There are several green spaces/parks and a conservation lake located throughout the property which increase the ambience and outdoor amenity package of the subdivision. Our value conclusions are subject to revision should a current title policy reveal that any adverse easements or encroachments are present.

Soil and Sub-soil Conditions

No soil engineer's report was available to us and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement which may be constructed. Our value conclusions are subject to revision should these assumptions prove

incorrect. We caution and advise the user of this report to obtain engineering studies, which may be required to ascertain any structural integrity.

Environmental Conditions

No environmental report was available to us and no recent environmental tests are known to have been performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property with regard to asbestos and other hazardous materials.

Flood Zone

According to National Flood Insurance Rate Map Community Panel Number 48453C0505H and 48453C0485J, portions of the subject gross land area is situated within Zone A, subject to the 100-year floodplain; however, the proposed lots and commercial tracts are all located within Zone X and not subject to the floodplain. It is judged that there is a buildable site area on each lot that will be outside the 100 and 500-year flood plain.

Site Improvements

The subject residential lots are proposed in nature. Site improvements will include asphalt paved streets with concrete curbs and drainage. Underground utilities (water, sewer and electric) will be available to each lot and tract of vacant land. There are several greenbelts and a lake for use by all of the residents in Manor Heights; additional amenities such as hiking trails and an HOA amenity tract are designated and can be developed in the future by the homeowners.

Site Summary

The subject subdivision lots and vacant land tracts have access to public streets which extend to surrounding major traffic arteries. The topography is generally level with a buildable area on each lot which is considered appropriate to accommodate the proposed single-family residential development or commercial/multi-family development. Per a topical investigation the appraised property shape, utility service, land use restrictions, nuisances and hazards do not appear to be restrictive to development of the property. Overall the subject lots are judged to be functionally adequate for residential single-family development.

The Manor Heights Subdivision is a good quality subdivision, with good quality single family residential development.

Survey Lots

Site development plans for Phases I, II and III, followed by tax parcel map and a flood hazard map are included on the following pages.

PLAT PHASE I

DocuSign Envelope ID: 2FC26BCE-3AFA-4609-9D11-5383C5F6306C

EXHIBIT "A"



NOTE: the lots shaded blue are "Forestar Reserve Lots" and not subject to this Contract.

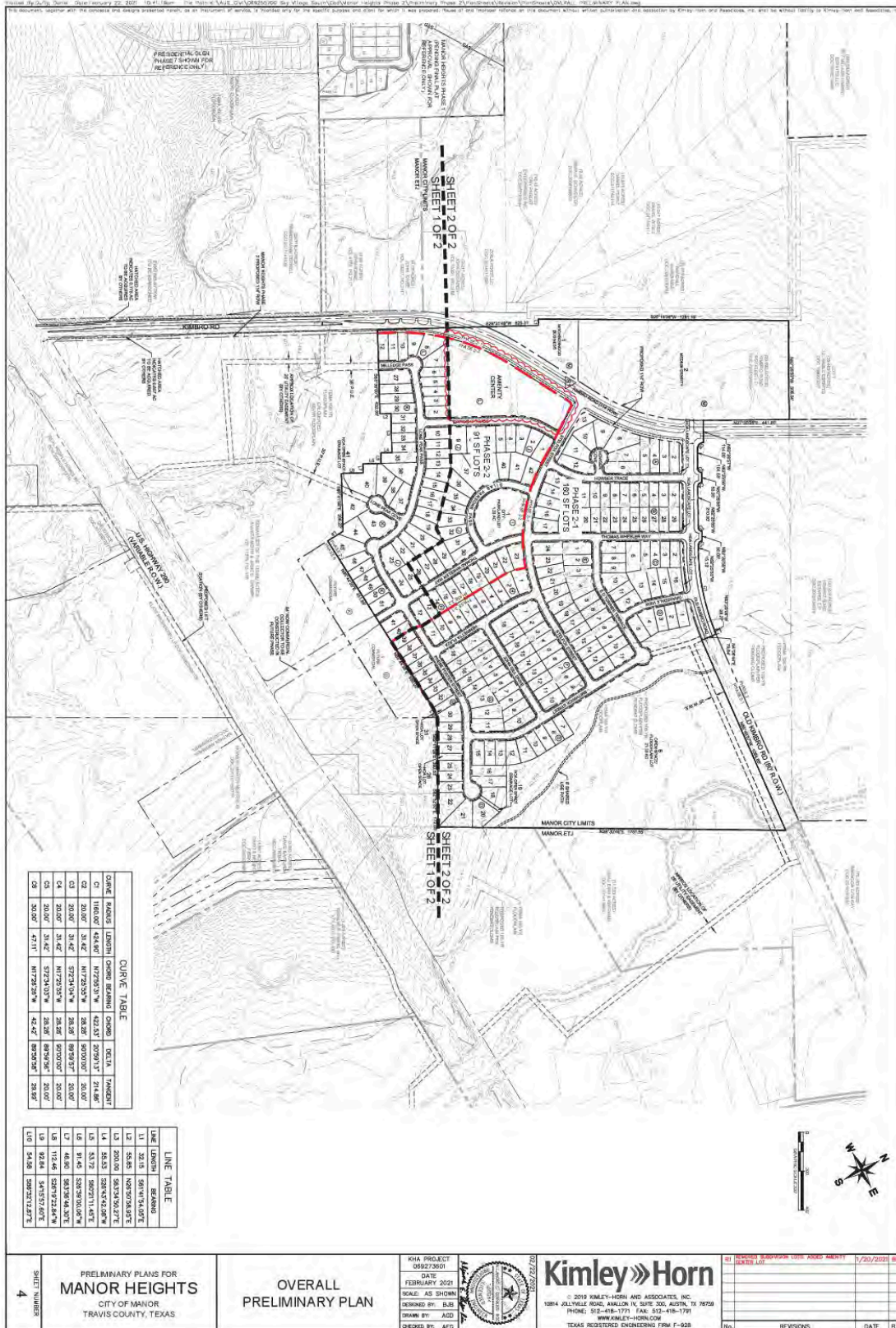
Exhibit "A"

PURCHASE AND SALE AGREEMENT
26406020v.8

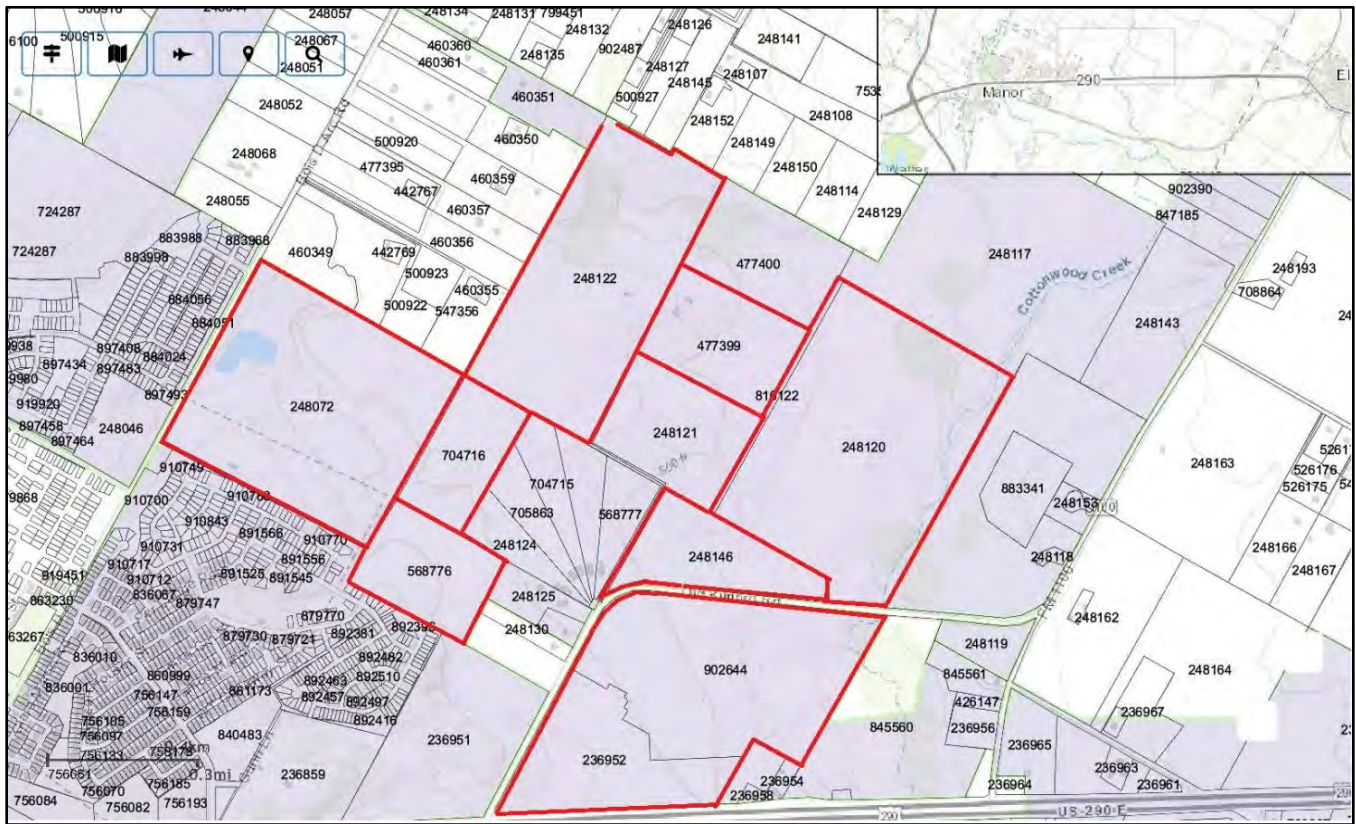
Page 1

Manor Heights

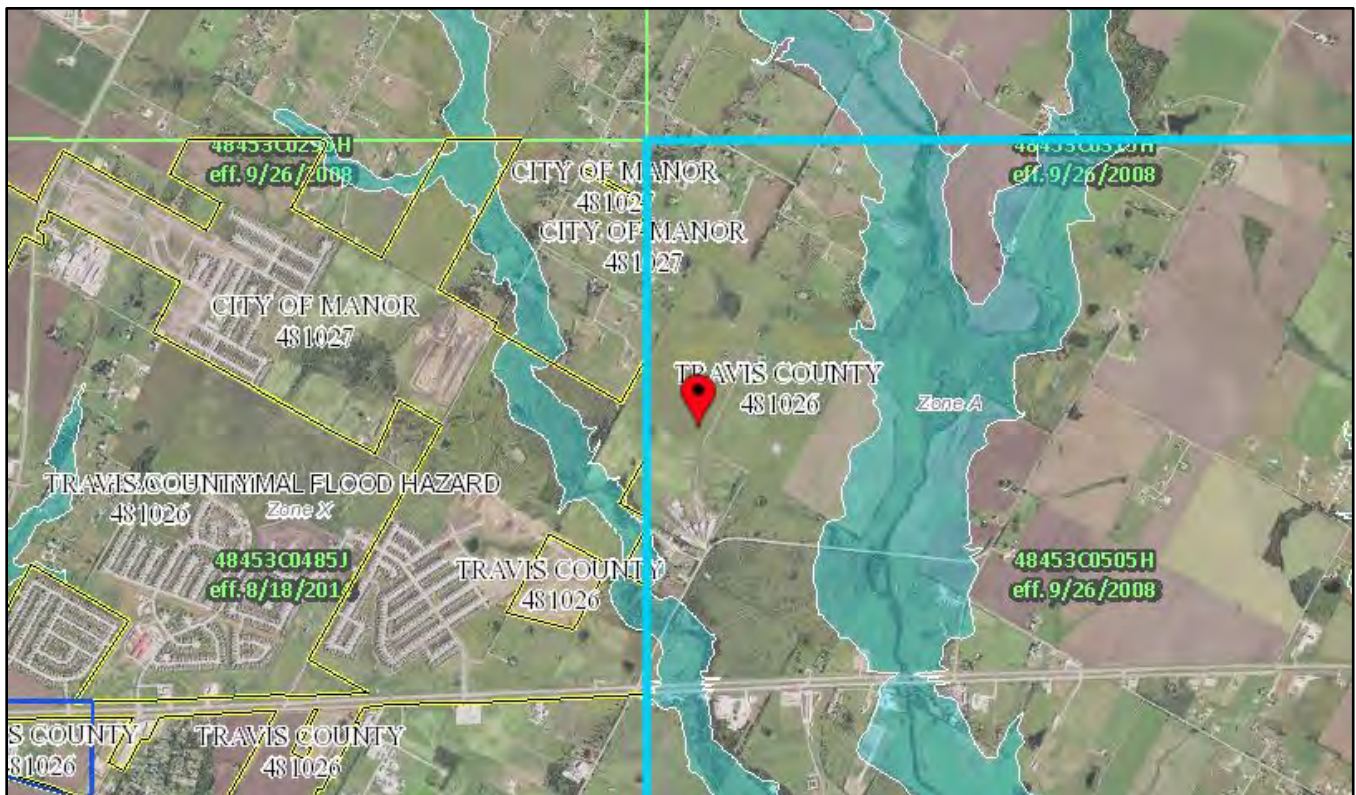
PLAT PHASE II



TAX PLAT (not including Realigned Old Kimbro Rd)



FLOOD MAP



ASSESSMENT AND TAXES

The property is subject to the taxing jurisdiction of the Travis County Appraisal District. The applicable tax rates for the taxing jurisdictions and the estimated tax liability for the subject vacant land based on the 2020 tax rates are outlined in the chart below.

A review of the County Assessor's records indicated there are no past due taxes; however, the client should conduct their own research to determine the existence of past due taxes. The existence of delinquent taxes could affect the proceeds from any sale of the property. A summary of the tax rates is shown as follows:

TAX ACCOUNTS	
Travis County Appraisal District	Account Number
Tax ID #1	248072
Tax ID #2	248122
Tax ID #3	477399
Tax ID #4	568776
Tax ID #5	704716
Tax ID #6	816122
Tax ID #7	236952
Tax ID #8	248120
Tax ID #9	248146
Tax ID #10	902644

TAX RATE SUMMARY	
Jurisdiction	2020 Tax Rate
City of Manor	0.816100
Travis County	0.374359
Manor ISD	1.442672
Austin Comm Coll Dist	0.105800
Travis County Healthcare District	0.110306
Travis Co ESD No 12	0.100000
Total	\$2.949237

The subject vacant land tracts are currently assessed as part of larger parcels and not necessarily divided into separate tax accounts that represent each parcel. (it is noted that the acreage does not match the exact size of each Phase and vacant land tract. A list of the subject parent tract tax accounts is summarized in the table on the following page.

ASSESSMENT & TAX SUMMARY		
	2020 Market Value	2020 Assessed Value
PID - 248072 - 114.9 Acres	\$2,304,866	\$12,745
PID - 248122 - 97.981 Acres	\$1,966,486	\$17,734
PID - 477399 - 35.607 Acres	\$626,892	\$374,629
PID - 568776 - 28.937 Acres	\$578,740	\$9,938
PID - 704716 - 26.124 Acres	\$522,480	\$8,972
PID - 816122 - 3.469 Acres	\$52,038	\$52,038
PID - 236952 - 44.033 Acres	\$751,965	\$4,884
PID - 248120 - 127.968 Acres	\$831,794	\$18,044
PID - 248146 - 29.992 Acres	\$210,040	\$7,706
PID - 902644 - 90.089 Acres	\$1,621,595	\$9,993
Totals	\$9,466,896	\$516,683
Tax Rate (from above)		\$2.949237
Annual Tax Burden		\$15,238
Annual Tax Burden per Gross Acre		\$25.27

The proposed subject lots have not been assessed individually as vacant improved lots by Travis County Appraisal District as of the date of this report. The average Assessed Value for the subject lots for use in the DCF analysis has been estimated based on comparable assessed lot values for similar sized lots held by developers or homebuilders in comparable area subdivisions as shown in the chart on the following page. The average assessed value for the subject lots is estimated to be \$25,000 per lot.

COMPARABLE LOT ASSESSED VALUE SUMMARY						
Lot	Block	Name	Parcel ID	Size	Total Assessed Value	Assessed Value / SF
30	AK	Presidential Meadows Sec. 12	919868	6,347 SF	\$25,000	\$3.94
5	AH	Presidential Meadows Sec. 12	919834	6,504 SF	\$25,000	\$3.84
10	AK	Presidential Meadows Sec. 12	919888	6,255 SF	\$25,000	\$4.00
1	Y	Presidential Meadows Sec. 13	896144	6,473 SF	\$25,000	\$3.86
Averages				6,127 SF	\$25,000	\$4.08
Projected		Manor Heights PID		6,728 SF	\$25,000	\$3.72

HIGHEST AND BEST USE

According to The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, the highest and best use is defined as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”

Highest and Best Use Criteria

The appraisers have evaluated the site's highest and best use as vacant and as proposed. The property's highest and best use must meet four criteria. That use must be (1) legally permissible (2) physically possible, (3) financially feasible, and (4) maximally productive.

Legally Permissible

The first test concerns permitted uses. The appraised property is located within the corporate boundaries of the City of Manor; however, the property is filed as a Planned Unit Development (PUD) and although not zoned separately by the city is subject to the use requirements set forth in the PUD. The Manor Heights Subdivision Planned Unit Development has been approved by Travis County. The residential phases will be deed-restricted to one single family home per lot for the allocated single-family land. Additional building restrictions concerning size of homes and exterior configuration must also be adhered to. The commercial and multi-family land is restricted to commercial development and/or mixed use and multi-family development, according to the specific requirements of the PUD which govern quality and use, generally commensurate with the area.

Physically Possible

The second test is as to physically possible uses. The appraised property includes five (5) phases of single-family residential development, four commercial land tracts and three mixed use/medium density residential land tracts. There are several vacant sites held as buffer areas, greenbelt, dedicated drainage ways etc. Although a variety of uses could be developed on the subject vacant residential land located within the Manor Heights development, the single-family residential lots represent the most likely physically possible development type based on location, design and lot configuration with the other tracts being utilized for associated neighborhood commercial and mixed use/medium density residential development.

The proposed residential lots are irregular in shape being generally rectangular in configuration with generally level terrain and varying lot sizes with most typical lots being 50' X 130'; 55' X 130' and 60' X 130'. Although a variety of uses could be developed on the subject vacant land, the proposed single-family residential lots represent the most likely physically possible development type. The single family lots in Manor Heights will be serviced by utilities from the City of Manor. The commercial and multi-family land tracts are generally rectangular in configuration with good street frontage, visibility and access with each being located with frontage on a major street outside of the Manor Heights Subdivision. The commercial and multi-family sites are each large enough to accommodate a commercial or multi-family development according to the use guidelines from the PID.

Financial Feasibility and Maximal Productivity

The third and fourth tests are considered to be financial feasibility and maximally productive use. After analyzing the physically possible and legally permissible uses of the property, the highest and best use must be considered in light of financial feasibility and maximum productivity.

Based on projected demographic trends in proximity to the subject demand for new housing should increase through Year 11 of the projection (lot sell-out). Based on our site visit and observations of competitive subdivisions, it appears as though there is continued demand for single family home lots similar in size to the subject lots with homes in the \$200,000 to over \$300,000 range. Home Builders in the area indicate that home sales have been strong, and that demand remains steady. All of the proposed subject lots will be contracted to existing area homebuilders active in the area. It is projected based on market trends and developer reported activity in the immediate area that the appraised lots could be absorbed with complete sell-out of all lots within the 11-year projection period.

Conclusion of Highest and Best Use of Land as Vacant

Considering the success of the similar competing subdivisions in the immediate market area and considering the demand shown in the market analysis, coupled with the development restrictions within Manor Heights per the PUD, the highest and best use of the appraised property single family lots and vacant residential land is for single-family home lot development. The highest and best use of the commercial sites is for development of free-standing retail and/or office development on each tract of land. The highest and best use of the mixed use/medium density residential land is for development on each site of a free-standing apartment or condominium complex or similar related use. These uses were shown in the market analysis section of this report to be feasible.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject land, the Sales Comparison Approach to market value is considered to be applicable in deriving the market value of the vacant land tracts and has been utilized. For the proposed lots, the income approach has been utilized to indicate the value of the lots to an investor based on sell-out of the developed lots at the projected achievable lot sales price, deducting holding costs, sales expenses and other related expenses. The net cash flows have been discounted to present value using a market derived discount rate to reflect the value of the property to and investor based on the sellout of the proposed subject subdivision at completion of the development. The Sales Comparison Approach related to the proposed residential lots, as complete, has not been utilized due to the lack of sales of completed residential subdivisions in the area. In the process of this valuation analysis, Flato has contacted a number of real estate brokers and market participants in the local market.

For the proposed lots in Phases I through V, both the Cost and Income Approaches have been utilized (it is noted that for Phases III, IV and V, the Cost Approach is utilized and incorporated into the Income Approach and is not a stand-alone value indicator).

The three tracts of entitled land for future lot development in Phases III, IV and V have not been valued utilizing the sales comparison approach due to the difficulty in finding comparable entitled residential subdivision land sales. Instead, these three tracts have been valued utilizing the DCF subdivision analysis and deducting development cost/profit to indicate the current “as is” market value of these three tracts.

The market has been researched using county deed records, interviewing active real estate brokers, available statistics and other contact sources. These sources have been contacted and interviewed extensively with reference to confirmation of market information, sales, absorption, and general perceptions and have been utilized in each of the valuation approaches to follow.

VALUATION OF THE SUBJECT RESIDENTIAL LAND

The appraised property residential land in Tract No. 1 is the residential land in Phase I which includes 127.37 acres of vacant land to be developed with 264 single family lots (50' FF typical). Tract No. 2 is the residential land in Phase II which includes 92.160 acres of vacant land to be developed with 251 single family lots (50'-55' FF). The subject four tracts of vacant commercial land, Tract Nos. 4, 5, 6 and 12 (ranging in size from 1.62 acres to 19.9 acres) and three tracts of mixed use/medium density residential land, Tract Nos. 3, 10, and 11, (ranging in size from 11.85 acres to 19.96 acres) are also valued herein utilizing the Sales Comparison Approach. Additionally, Tract No. 7 includes 23.479 acres of floodplain/open space land. The residential land is valued here for use in the Cost Approach. The commercial and multi-family tracts are valued here to indicated to "as is" market value of these tracts for the final market value of these for this report. For the "As Is" market value of the Phases I and II land in which construction is now complete or partially completed, the cost of the completed portion of the improvements from the Cost Approach is added to the market value.

Tract Nos. 8, 9, and 13 residential land designated for the 733 proposed single family lots in Phases III, IV and V are not valued in this section due to the difficulty in segregating the value of the entitlements, however, the estimated land value indicated for Tract Nos. 1 and 2 (Phases I and II residential land) is considered as a "check" on the indicated value of the three future phases as entitled. The 733 future lots are valued in the DCF analysis based on the proposed sellout of the entitled lots less future development cost.

The sales comparison approach is one of three traditional approaches to value whereby an opinion of value is derived by analyzing closed sales, listings, or pending sales of properties that are similar to the subject. This approach is based primarily upon the principle of substitution, whereby a prudent purchaser will not pay more for any particular property than it would cost to acquire an equally desirable alternate property. Inherent to the applicability of this approach is that a market exists for the subject property type. It also presumes that there is sufficient data on recent market transactions for comparison purposes. In this sales comparison analysis, the price per unit is used as it mirrors that of most market participants when making residential investment decisions.

Flato Realty Advisors has researched sales of similar tracts of vacant land sales and listings located in the general subject market area. Although there have been limited recent sales of similar tracts, four acreage sales of tracts of vacant land purchased for residential or mixed-use development have been confirmed in the general market area.

TRACT NOS. 1 AND 2: PHASES I AND II - VACANT RESIDENTIAL LAND ANALYSIS

The same sales have been utilized in the valuation of the land associated with the Phase I, 127.370 acres of vacant residential land and Phase II, 92.160 acres of vacant residential land. The sales range in pricing from \$27,500 to \$47,807 per acre and in total land area from 20.24 to 250.00 acres. Although the sales differ widely in terms of size and pricing per acre, these sales are judged to be the most meaningful recent sales confirmed. The price variance is judged to be primarily due to differences in location, size and presence of available utilities. These are judged to be the most comparable acreage land sales available for use in the valuation of the subject vacant land tract.

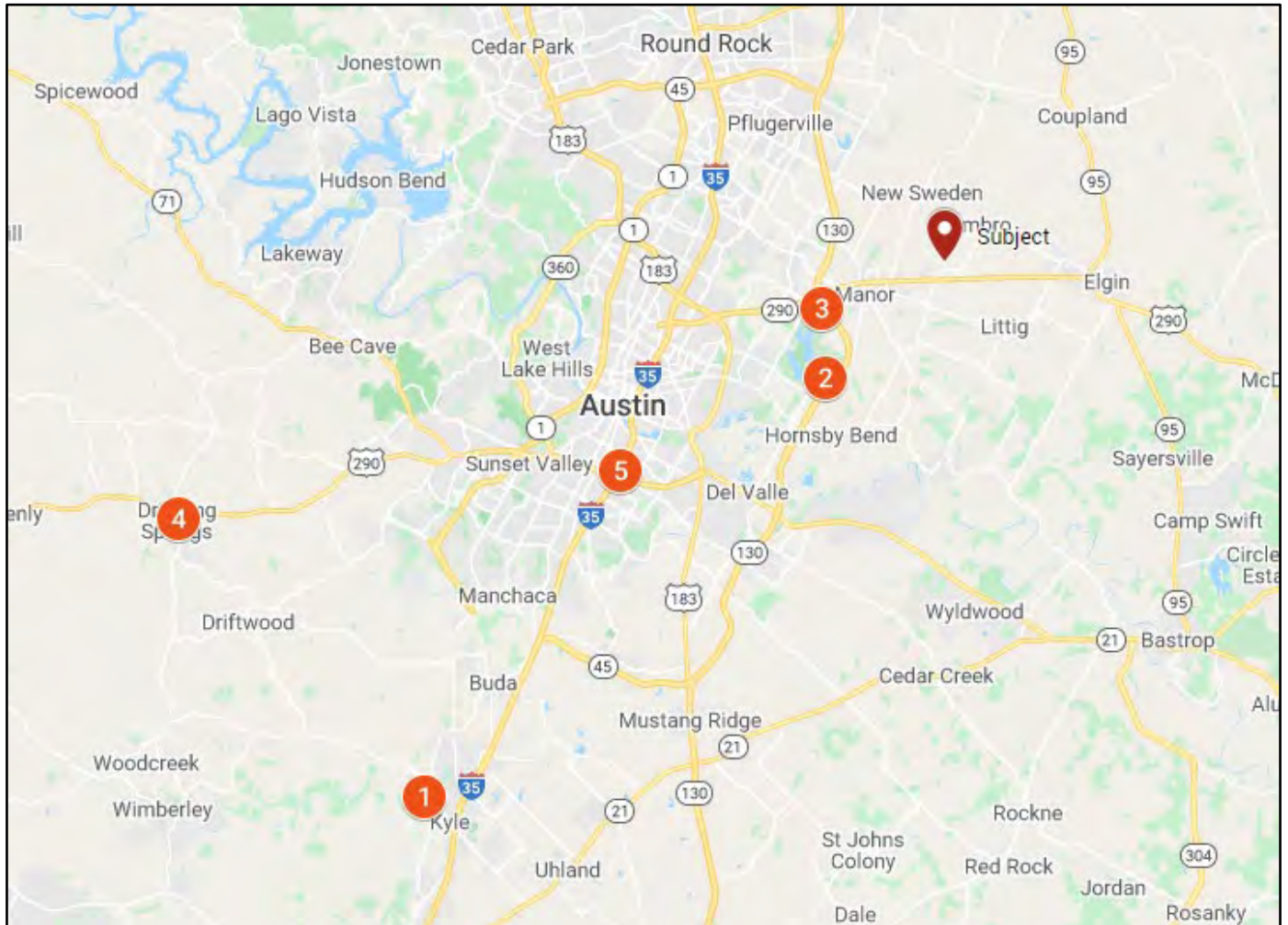
RESIDENTIAL LAND SALES SUMMARY

The land sales are summarized on the following page. Sale details are included in the Addenda. The locations of the land sales are outlined in the map following the land sales summary.

LAND SALES SUMMARY - RESIDENTIAL LAND						
	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4	Land Sale No. 5
Address	U.S. 290 at Old Kimbro Road	Six Creeks Boulevard	TX-130	US 290 & SH-130 - Tract 1	Cannon Ranch Road, north of US 290	14601 E Highway 290
City	Manor	Kyle	Austin	Austin	Dripping Springs	Manor
County	Travis	Hays	Travis	Travis	Hays	Travis
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Residential Subdivision	Commercial, Industrial, Multifamily	Commercial/Retail	Residential Subdivision	Residential Subdivision
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Tax Account Number	N/A	R151951	0210500948, 0210500951	227187, 731373	R17869, R18077	236969
Topography	Gently rolling	Gently Rolling	Level	Generally Level to Sloping	Gently Rolling	Rolling
Shape	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Utilities	Public	Electric, water & sewer available	Public	Off-Site	Electric, water & sewer available	Electricity, water
Zoning	R-2, PUD	PUD	OCL	CH-CO/PUD	PUD-Single Family	A
Grantor	--	Blanco River Ranch Properties LP	Decker Lake, LLC	BFI Waste Systems of North America, LLC	William R. Scott	Mathen & Annamma Mathen
Grantee	--	HMBRR BP #2	SH127, LLC	Cooper Milly Holdings, LLC	Meritage Homes of Texas, LLC	Hester Real Estate Investments
Sale Date	--	9/6/2020	6/26/2020	11/25/2019	10/11/2018	3/14/2018
Adj. Sale Price*	--	\$11,951,680	\$3,505,398	\$4,686,842	\$8,018,000	\$700,000
Gross Land Area (Acres)	127.370 Acres	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Usable Land Area (Acres)	--	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Sale Price per Acre	--	\$47,807	\$27,500	\$29,039	\$40,000	\$34,585
Verification	--	Broker	Broker	Broker	Broker	Broker

RESIDENTIAL LAND SALES MAP

The following map provides a visual of the land sales' locations relative to the subject.



LAND SALES DISCUSSION

It is noted that there have been relatively few recent small residential land sales in area over the last several years primarily due to lack smaller tracts of available land. Five sales are considered. The sales range in date from 2018 to 2020, in size from 20.24 to 250.00 acres, and in price from \$27,500 to \$47,807 per acre. Due to the fact that the same sales are utilized in the analysis of the subject Phase I and Phase II land valuations and since the adjustments are similar for both with the exception of the size adjustments, the following discussion will apply to both the Phase I and Phase II land valuations.

ADJUSTMENT PROCESS

Due to the imperfect nature of real estate markets, we have analyzed the comparables through the application of adjustments based on qualitative comparison. The adjustments made are subjective and are based on market evidence as well the appraiser's research, judgment and experience. The adjustments are not based on a quantitative analysis tool such as "paired sales" due to the lack of paired sales data; or on multiple regression analysis, due to the lack of enough comparable sales to constitute a statistically valid

sample. Therefore, the percentage adjustments summarized on the following grid should be viewed as conveying the degree of subjective adjustment applied, and not the result of a quantitative analysis. Finally, the percentage adjustments applied are reflective of different base numbers, to avoid distortion.

In our final rating of the comparable sales we have considered the following items of comparability in forming our opinion of land value for the subject.

Property Rights Conveyed

All of the sales utilized in this analysis involved the transfer of the fee simple interest. All of the sales have similar property rights; no adjustments are applied.

Financial Terms

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/cash down to market-oriented financing. All of the sales have similar financing; no adjustments are applied.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations, the conditions of sale may significantly affect transaction prices. All of the sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. All of the sales have similar conditions of sale; no adjustments are applied.

Market Conditions

This factor considers the differences in market conditions between the time of the comparable sale and the subject's date of value. For example, a comparable property which sold during a time of better market conditions would be superior to the subject as of the date of value.

The sales occurred between 2018 and 2020. Upward adjustments are applied for market conditions (time) to all of the sales. The land market in the area has continued to improve from 2018 through 2021.

Location/Access/Exposure

An adjustment for location is required when the location characteristics of a comparable property are different from those of the subject property. The appraised property sites are generally located just to the north of U.S. Highway 290 East between Old Kimbro Road and Bois de Arc Road in the city of Manor in northeast Austin MSA. The property is located within the Manor Heights Subdivision, including rights to common area amenities. All of the sales are judged superior in location being located much closer in with greater amounts of surrounding development and overall higher land values. All of the sales are adjusted downward for location. Sale Nos. 1 and 4 are particularly superior, and greater downward adjustments are applied. These sales are considered due to the lack of acreage sales for use in this analysis.

Size

The size adjustment generally reflects the inverse relationship expressed between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Hence, positive adjustments

were made to larger land parcels, and negative adjustments were made to smaller land parcels when deemed appropriate.

For the Phase I Land, Sale Nos. 1, 3 and 4 are larger and are adjusted upward for size. Sale No. 5 is smaller and is adjusted downward. Sale No. 2 is similar in size and is not adjusted. For the Phase II land, Sale Nos. 1 through 4 are larger and are adjusted upward. Sale No. 5 is smaller and is adjusted downward.

Shape/Frontage

The appraised property tracts are generally irregular in configuration; however, they are well suited for proposed development. The shape of the site can affect the sales price based on the configuration and how it lends itself to use. All of the sales are judged similar in configuration to the subject tract, no adjustments are made.

Topography

The topography of a site can greatly affect the value. The subject property is generally level to rolling terrain; however there is a significant percentage of each of the subject tracts with land subject to the floodplain that cannot be developed. Although the land is judged to be a good candidate for acreage single family residential lot development there is a significant portion of lost land to floodplain. All of the sales are judged to be superior in topography and downward adjustments are applied.

Utilities to Site

The presence or lack of available utilities can be a key factor affecting sites. The subject land will have all utilities extended to the subdivision; however, all of the utilities will have to be extended through the site for access to the individual lots. Development engineering and utilities are extended to the subject making the property ready for development. All of the sales are judged inferior in this regard being situated a greater distance from existing utilities. All of the sales are adjusted upward accordingly. Due to the subject location within a proposed PID, all utility capacity to the area will be upgraded by the city which is considered a significant positive feature.

Zoning

The subject property is not zoned. All of the sales are judged to have similar use potential; therefore, no adjustments are applied.

SUMMARY OF ADJUSTMENTS

Based on the comparative analysis, the table on the following page summarizes the adjustments warranted to each land sale.

LAND VALUE CONCLUSION-PHASE I RESIDENTIAL LAND

Prior to adjustments the land sales indicated prices ranging from \$27,500 to \$47,807 per acre with an average of \$35,786 per acre. After adjustments, the land sales indicate the value of the subject site to be in the range of \$24,411 to \$31,036 with an average of \$28,105 per square acre. The concluded land value is **\$28,000** per acre. The sales utilized were the best sales available as of the date of appraisal and the

adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated market value of the vacant land (rounded) for use in the Cost Approach as of the effective date of value by the underlying land by the sales comparison approach is **\$3,565,000**.

The total development cost of Phase I, including direct and indirect costs, is \$8,698,372 (approximately 51.2621% of the total cost of Phases I and II). Phase I is 100% complete as of the date of value, therefore, the "As Is" value, including improvements, is the estimated land value plus the completed cost (above) indicating the "As Is" market value for the Phase I to be **\$12,265,000**.

The Land Sales Adjustment Analysis is included on the following page.

"AS IS" CONCLUSION - TR-1, RES. LAND PHASE I	
	Indicators
Subject Land Area - Acres	127.3700
Reconciled Land Value per Acre	\$28,000
Reconciled Land Value (Rd)	\$3,565,000
Cost of Completed Improvements	\$8,698,372
"As Is" Value (Rd)	\$12,265,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - TR-1, RESIDENTIAL LAND PHASE I						
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4	Land Sale No. 5
Record ID	4063	6316	6300	6305	6317	6081
Address	Highland Estates Units 2 and 4	Six Creeks Boulevard	TX-130	US 290 & SH-130 - Tract 1	Cannon Ranch Road, north of US 290	14601 E Highway 290
City	Manor	Kyle	Austin	Austin	Dripping Springs	Manor
County	Travis	Hays	Travis	Travis	Hays	Travis
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Residential Subdivision	Commercial, Industrial, Multifamily	Commercial/Retail	Residential Subdivision	Residential Subdivision
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	Blanco River Ranch Properties LP	Decker Lake, LLC	BFI Waste Systems of North America, LLC	William R. Scott	Mathen & Annamma Mathen
Grantee	--	HMBRR BP #2	SH127, LLC	Cooper Milly Holdings, LLC	Meritage Homes of Texas, LLC	Hester Real Estate Investments
Marketing Time (days)	--	N/A	N/A	1097	N/A	N/A
Sale Date	--	9/6/2020	6/26/2020	11/25/2019	10/11/2018	3/14/2018
Adj. Sale Price*	--	\$11,951,680	\$3,505,398	\$4,686,842	\$8,018,000	\$700,000
Gross Land Area (Acres)	127.370 Acres	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Usable Land Area (Acres)	--	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Sale Price per Acre	--	\$47,807	\$27,500	\$29,039	\$40,000	\$34,585
Transaction Adjustments						
		Similar	Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		5.00%	6.67%	12.50%	24.17%	28.33%
		Inferior	Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		5.00%	6.67%	12.50%	24.17%	28.33%
Subtotal (per Acre)		\$50,197	\$29,333	\$32,669	\$49,667	\$44,384
Physical Adjustments						
		Superior	Superior	Superior	Superior	Superior
Location/Access/Exposure		-50.00%	-10.00%	-10.00%	-50.00%	-25.00%
		Inferior	Similar	Inferior	Inferior	Superior
Size		10.00%	0.00%	5.00%	7.50%	-20.00%
		Similar	Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%	0.00%
		Superior	Superior	Superior	Superior	Superior
Topography/Elevation/Views		-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
		Inferior	Inferior	Inferior	Inferior	Inferior
Utilities		15.00%	15.00%	15.00%	15.00%	15.00%
		Similar	Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Rail Access		0.00%	0.00%	0.00%	0.00%	0.00%
		Superior	Superior	Superior	Superior	Superior
Total Physical Adjustments		-40.00%	-10.00%	-5.00%	-42.50%	-45.00%
Overall Qualitative Adjustment		Superior	Superior	Superior	Superior	Similar
Indicated Value per Acre		\$30,118	\$26,400	\$31,036	\$28,558	\$24,411

LAND VALUE CONCLUSION-PHASE II RESIDENTIAL LAND

Prior to adjustments the land sales indicated prices ranging from \$27,500 to \$47,807 per acre with an average of \$35,786 per acre. After adjustments, the land sales indicate the value of the subject site to be in the range of \$22,192 to \$32,628 with an average of \$28,868 per square acre. The concluded land value is **\$29,000** per acre. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated market value of the vacant land (rounded) for use in the Cost Approach as of the effective date of value by the (land) sales comparison approach is **\$2,675,000**.

The total development cost of Phase II, including direct and indirect costs, is \$8,270,043 (approximately 48.7378% of the total cost of Phases I and II). Approximately 30% of the construction of Phase II is complete, as of the date of value, therefore, the "As Is" value, including improvements, is the estimated land value plus the completed cost of \$2,481,013 is summed, indicating the "As Is" market value of the Phase II to be **\$5,155,000**.

The Land Sales Adjustment Analysis is included on the following page.

"AS IS" CONCLUSION - TR-2, RES. LAND PHASE II	
	Indicators
Subject Land Area - Acres	92.1600
Reconciled Land Value per Acre	\$29,000
Reconciled Land Value (Rd)	\$2,675,000
Cost of Completed Improvements	\$2,481,013
"As Is" Value (Rd)	\$5,155,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - TR-2, RESIDENTIAL LAND PHASE II						
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4	Land Sale No. 5
Record ID	4063	6316	6300	6305	6317	6081
Property Name	Manor Heights PID	250 acres 6 Creeks Blvd.	127 +/- Acres TX-130	US 290 & SH-130 - Tract 1	200.45 Acres Big Sky Ranch	14601 E Highway ;
Address	Highland Estates Units 2 and 4	Six Creeks Boulevard	TX-130	US 290 & SH-130 - Tract 1	Cannon Ranch Road, north of US 290	14601 E Highway ;
City	Manor	Kyle	Austin	Austin	Dripping Springs	Manor
County	Travis	Hays	Travis	Travis	Hays	Travis
Proposed Use	--	Residential Subdivision	Commercial, Industrial, Multifamily	Commercial/Retail	Residential Subdivision	Residential Subdivision
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	Blanco River Ranch Properties LP	Decker Lake, LLC	BFI Waste Systems of North America, LLC	William R. Scott	Mathen & Annamma Mathen
Grantee	--	HMBRR BP #2	SH127, LLC	Cooper Milly Holdings, LLC	Meritage Homes of Texas, LLC	Hester Real Estate Investments
Sale Date	--	9/6/2020	6/26/2020	11/25/2019	10/11/2018	3/14/2018
Adj. Sale Price*	--	\$11,951,680	\$3,505,398	\$4,686,842	\$8,018,000	\$700,000
Gross Land Area (Acres)	92.160 Acres	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Gross Land Area (SF)	4,014,490 SF	10,890,000 SF	5,552,593 SF	7,030,453 SF	8,731,602 SF	881,654 SF
Gross Land Area (SM)	--	1,011,714 SM	515,853 SM	653,150 SM	811,192 SM	81,908 SM
Usable Land Area (Acres)	--	250.00 Acres	127.47 Acres	161.40 Acres	200.45 Acres	20.24 Acres
Usable Land Area (SF)	--	10,890,000 SF	5,552,593 SF	7,030,453 SF	8,731,602 SF	881,654 SF
Usable Land Area (SM)	--	116,494,686 SM	515,853 SM	653,150 SM	811,192 SM	81,908 SM
Sale Price per Acre	--	\$47,807	\$27,500	\$29,039	\$40,000	\$34,585
Transaction Adjustments						
		Similar	Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		5.00%	6.67%	12.50%	24.17%	28.33%
		Inferior	Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		5.00%	6.67%	12.50%	24.17%	28.33%
Subtotal (per Acre)		\$50,197	\$29,333	\$32,669	\$49,667	\$44,384
Physical Adjustments						
		Superior	Superior	Superior	Superior	Superior
Location/Access/Exposure		-50.00%	-10.00%	-10.00%	-50.00%	-25.00%
		Inferior	Inferior	Inferior	Inferior	Superior
Size		15.00%	5.00%	7.50%	10.00%	-25.00%
		Similar	Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%	0.00%
		Superior	Superior	Superior	Superior	Superior
Topography/Elevation/Views		-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
		Inferior	Inferior	Inferior	Inferior	Inferior
Utilities		15.00%	15.00%	15.00%	15.00%	15.00%
		Similar	Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar	Similar
Total Physical Adjustments		-35.00%	-5.00%	-2.50%	-40.00%	-50.00%
Overall Qualitative Adjustment		Superior	Superior	Superior	Superior	Similar
Indicated Value per Acre		\$32,628	\$27,866	\$31,852	\$29,800	\$22,192

FOUR TRACTS OF VACANT COMMERCIAL LAND ANALYSIS

The same sales have been utilized in the valuation of the commercial land. The subject includes four tracts of vacant commercial land described previous in the Land Analysis including (Tract No. 4) 1.62 Acres located along the west side of Old Kimbro Road adjacent to Phase II; (Tract No. 5) 4.28 Acres located to the northeast of U.S. Highway 290 and adjacent to the southeast side of Phase 2; (Tract No. 6) 19.90 acres also located along the northeast side of U.S. Highway 290 to the south of Phase 2; and (Tract No. 12) 2.49 acres located along the west side of Old Kimbro Road between Phases 3 and 4.

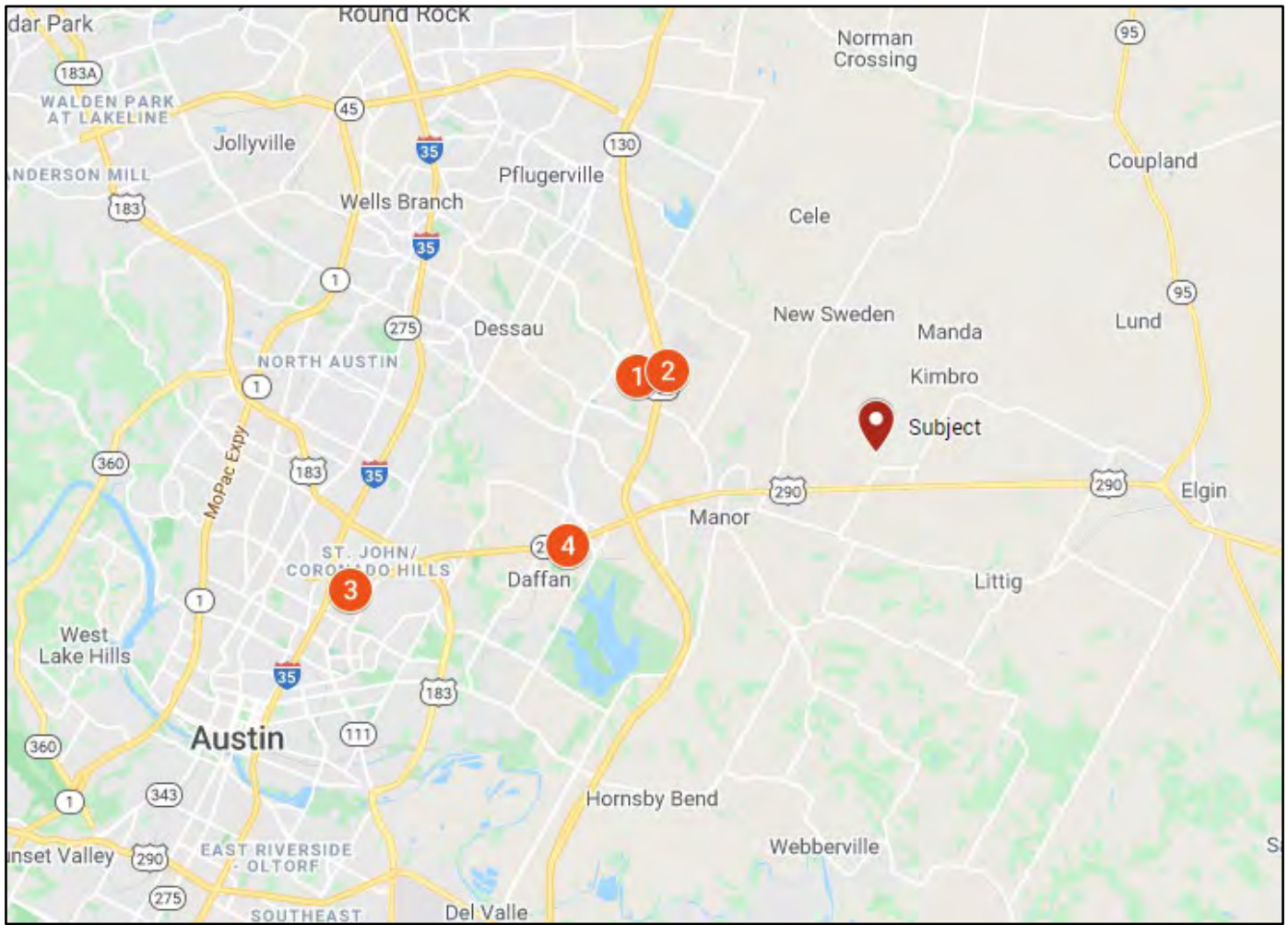
The sales utilized in the valuation of the commercial land tracts outlined above range in pricing from \$1.44 to \$5.62 per square foot of land and in total land area from 87,948 to 653,400. Although the sales differ slightly in terms of size and pricing per square foot, these sales are judged to be the most meaningful recent sales confirmed. The price variance is judged to be primarily due to differences in location, size and presence of available utilities. These are judged to be the most comparable commercial land sales available for use in the valuation of the subject vacant land tracts.

LAND SALES SUMMARY

The land sales for all of the commercial sites are summarized on the following page. Sale details are included in the Addenda. The locations of the land sales are outlined in the map following the land sales summary.

LAND SALES SUMMARY - COMMERCIAL LAND

	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
ID	4063	6078	6083	6356	6357
Property Name	Manor Heights PID	6817 Lee Manor Cove	6809 Lee Manor Cove	15 Acres Cameron Road	Vacant Land 9701 US 290 E
Address	U.S. 290 at Old Kimbro Road	6817 Lee Manor Cove	6809 Lee Manor Cove	Cameron Road	9701 & 9689 US Highway 290 E
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Mixed Use	Mixed Use	Mixed Use Commercial	Commercial
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Topography	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level
Shape	Irregular	Near Rectangular	Irregular	Rectangular	Irregular
Utilities	Public	Public	Public	Electric, water	Electric, water, sewer
Zoning	R-2, PUD	OCL	OCL	OCL	OCL
Grantor	--	RWSK Investments, LLC	RWSK Investments, LLC	Podlipny Family Trust	Kerry S. Yom
Grantee	--	Running Rope, LLC	Tomaly Cain, LLC	Firmus Equity Partners, LLC	Gardner Iron & Metal Company, Inc.
Marketing Time	--	NA	NA	498	320
Sale Date	--	5/8/2019	1/8/2020	10/18/2019	9/23/2019
Adj. Sale Price*	--	210000	207500	940000	2169742
Gross Land Area (Acres)	--	2.0190	2.0200	15.0000	8.8644
Gross Land Area (SF)	--	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Usable Land Area (SF)	--	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Sale Price per Acre	--	\$104,012	\$102,723	\$62,667	\$244,770
Sale Price per SF	--	\$2.39	\$2.36	\$1.44	\$5.62
Verification	--	Broker	Broker	Broker	Broker



LAND SALES DISCUSSION-COMMERCIAL TRACTS

It is noted that there have been relatively few recent small commercial land sales in area over the last several years primarily due to the fact that the neighborhood is in the initial stages of growth and commercial development typically follows new residential development by several years. Four sales are considered. The sales range in date from 2019 to 2020, in size from 2.02 to 15.00 acres and in price from \$1.44 to \$5.62 per square foot. Due to the fact that the same sales are utilized in the analysis of the three subject Commercial land valuations and since the adjustments are all basically the same for both with the exception of the size adjustments, the following discussion will apply to all three of the Commercial Land valuations.

ADJUSTMENT PROCESS

Due to the imperfect nature of real estate markets, we have analyzed the comparables through the application of adjustments based on qualitative comparison. The adjustments made are subjective and are based on market evidence as well the appraiser’s research, judgment and experience. The adjustments are not based on a quantitative analysis tool such as “paired sales” due to the lack of paired sales data; or on multiple regression analysis, due to the lack of enough comparable sales to constitute a statistically valid sample. Therefore, the percentage adjustments summarized on the following grid should be viewed as

conveying the degree of subjective adjustment applied, and not the result of a quantitative analysis. Finally, the percentage adjustments applied are reflective of different base numbers, to avoid distortion.

In our final rating of the comparable sales we have considered the following items of comparability in forming our opinion of land value for the subject.

Property Rights Conveyed

All of the sales utilized in this analysis involved the transfer of the fee simple interest. All of the sales have similar property rights; no adjustments are applied.

Financial Terms

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/cash down to market-oriented financing. All of the sales have similar financing; no adjustments are applied.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations, the conditions of sale may significantly affect transaction prices. All of the sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. All of the sales have similar conditions of sale; no adjustments are applied.

Market Conditions

This factor considers the differences in market conditions between the time of the comparable sale and the subject's date of value. For example, a comparable property which sold during a time of better market conditions would be superior to the subject as of the date of value.

The sales occurred between 2019 to 2020. Upward adjustments are applied for market conditions (time) to all of the sales. The land market in the area has continued to improve from 2019 through 2021.

Location/Access/Exposure

An adjustment for location is required when the location characteristics of a comparable property are different from those of the subject property. The appraised property sites are generally located just to the north of U.S. Highway 290 East between Old Kimbro Road and Bois de Arc Road in the city of Manor in northeast Austin MSA. The property is located within the Manor Heights Subdivision, including rights to common area amenities. Sale Nos. 1, 2 and 3 are judged inferior in location being located farther from dense development and overall lower land values; upward adjustments are applied. Sale No. 4 is located closer in comparison to the subject in an area of greater amounts of surrounding development and is considered superior; a downward adjustment is applied.

Size

The size adjustment generally reflects the inverse relationship expressed between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Hence, positive adjustments were made to larger land parcels, and negative adjustments were made to smaller land parcels when deemed appropriate.

For the Commercial Tract No. 4, all of the sales are larger and are adjusted upward. For the Commercial Tract No. 5, Sale Nos. 1 and 2 are smaller and are adjusted downward. Sale Nos. 3 and 4 are larger and are adjusted upward for size. For Commercial Tract No. 6, all of the sales are smaller and adjusted downward accordingly. For Commercial Tract No. 12, Sale Nos. 1 and 2 are slightly smaller and are adjusted downward. Sale Nos. 3 and 4 are larger and adjusted upward.

Shape/Frontage

The appraised property tracts are generally irregular in configuration; however, they are well suited for proposed development. The shape of the site can affect the sales price based on the configuration and how it lends itself to use. Sale Nos. 1, 3 and 4 are judged similar in configuration to the subject tracts and no adjustments are made. Sale No. 2 is judged to have superior frontage and configuration and is adjusted downward.

Topography

The topography of a site can greatly affect the value. The subject property is generally level to sloping level to rolling terrain. The sites are well suited for commercial development. All of the sales are judged to be similar in topography and no adjustments are applied.

Utilities to Site

The presence or lack of available utilities can be a key factor affecting sites. The subject land will have all utilities extended to the subdivision; however, all of the utilities will have to be extended through the site for access to the individual tracts. Development engineering and utilities are extended to the subject making the property ready for development. Sale Nos. 1, 2 and 3 are judged inferior in this regard being situated a greater distance from existing utilities; upward adjustments are applied accordingly. Due to the subject location within a proposed PID, all utility capacity to the area will be upgraded by the city which is considered a significant positive feature. Sale No. 4 is judged similar and is not adjusted.

Zoning

The subject property is not zoned. All of the sales are judged to have similar use potential; therefore, no adjustments are applied.

Improvements

The subject is located within Manor Heights Subdivision and within the Manor Heights PID. Since all of the sites within the subdivision will benefit from the development of site improvements and neighborhood amenities, this is judged to be a positive feature for the subject commercial sites. None of the sales enjoy the same benefits and thus are judged inferior. Upward adjustments are applied to all of the sales for the presence of these improvements.

SUMMARY OF ADJUSTMENTS

Based on the comparative analysis, the table on the following page summarizes the adjustments warranted to each land sale.

LAND VALUE CONCLUSION-COMMERCIAL LAND TRACT 4

Prior to adjustments the land sales indicated prices ranging from \$1.44 to \$5.62 per square foot with an average of \$2.95 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$3.46 to \$5.58 with an average of \$4.57 per square foot. The concluded land value is **\$4.60** per acre. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$325,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - COMMERCIAL LAND TRACT 4	
	Indicators
Subject Land Area - Square Feet	70,567 SF
Reconciled Land Value per Acre	\$4.60
Reconciled Land Value (Rd)	\$325,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - COMMERCIAL LAND TRACT 4					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6078	6083	6356	6357
Address	U.S. 290 at Old Kimbro Road	6817 Lee Manor Cove	6809 Lee Manor Cove	Cameron Road	9701 & 9689 US Highway 290 E
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Mixed Use	Mixed Use	Mixed Use Comm	Commercial
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	RWSK Investments, LLC	RWSK Investments, LLC	Podlipny Family Trust	Kerry S. Yom
Grantee	--	Running Rope, LLC	Tomaly Cain, LLC	Firmus Equity Partners, LLC	Gardner Iron & Metal Company, Inc.
Marketing Time (days)	--	NA	NA	498	N/A
Sale Date	--	5/8/2019	1/8/2020	10/18/2019	9/23/2019
Adj. Sale Price*	--	\$210,000	\$207,500	\$940,000	\$2,169,742
Gross Land Area (Acres)	1.620 Acres	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Gross Land Area (SF)	70,567 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Usable Land Area (Acres)	--	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Usable Land Area (SF)	70,567 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Sale Price per SF	--	\$2.39	\$2.36	\$1.44	\$5.62
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		28.33%	10.83%	23.33%	24.17%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		28.33%	10.83%	23.33%	24.17%
Subtotal (per SF)		\$3.06	\$2.61	\$1.77	\$6.98
Physical Adjustments					
		Inferior	Inferior	Inferior	Superior
Location/Access/Exposure		25.00%	25.00%	30.00%	-50.00%
		Inferior	Inferior	Inferior	Inferior
Size		5.00%	5.00%	30.00%	20.00%
		Similar	Superior	Similar	Similar
Shape/Frontage		0.00%	-5.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Similar
Utilities		25.00%	25.00%	25.00%	0.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Improvements		10.00%	10.00%	10.00%	10.00%
		Inferior	Inferior	Inferior	Superior
Total Physical Adjustments		65.00%	60.00%	95.00%	-20.00%
Overall Qualitative Adjustment		Inferior	Inferior	Inferior	Superior
Indicated Price per SF		\$5.06	\$4.18	\$3.46	\$5.58

LAND VALUE CONCLUSION-COMMERCIAL LAND TRACT NO. 5

Prior to adjustments the land sales indicated prices ranging from \$1.44 to \$5.62 per square foot with an average of \$2.95 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$3.19 to \$4.88 with an average of \$4.12 per square foot. The concluded land value is **\$4.10** per square foot. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$765,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - COMMERCIAL LAND TRACT 5	
	Indicators
Subject Land Area - Square Feet	186,437 SF
Reconciled Land Value per Acre	\$4.10
Reconciled Land Value (Rd)	\$765,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - COMMERCIAL LAND TRACT 5					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6078	6083	6356	6357
Address	Manor Heights PID	6817 Lee Manor Cove	6809 Lee Manor Cove	Cameron Road	9701 & 9689 US Highway 290 E
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Mixed Use	Mixed Use	Mixed Use Comm	Commercial
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	RWSK Investments, LLC	RWSK Investments, LLC	Podlipny Family Trust	Kerry S. Yom
Grantee	--	Running Rope, LLC	Tomaly Cain, LLC	Firmus Equity Partners, LLC	Gardner Iron & Metal Company, Inc.
Marketing Time (days)	--	NA	NA	498	N/A
Sale Date	--	5/8/2019	1/8/2020	10/18/2019	9/23/2019
Adj. Sale Price*	--	\$210,000	\$207,500	\$940,000	\$2,169,742
Gross Land Area (Acres)	4.280 Acres	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Gross Land Area (SF)	186,437 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Usable Land Area (Acres)	4.28 Acres	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Usable Land Area (SF)	--	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Sale Price per SF	--	\$2.39	\$2.36	\$1.44	\$5.62
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		28.33%	10.83%	23.33%	24.17%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		28.33%	10.83%	23.33%	24.17%
Subtotal (per SF)		\$3.06	\$2.61	\$1.77	\$6.98
Physical Adjustments					
		Inferior	Inferior	Inferior	Superior
Location/Access/Exposure		25.00%	25.00%	30.00%	-50.00%
		Superior	Superior	Inferior	Inferior
Size		-10.00%	-10.00%	15.00%	10.00%
		Similar	Superior	Similar	Similar
Shape/Frontage		0.00%	-5.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Similar
Utilities		25.00%	25.00%	25.00%	0.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Improvements		10.00%	10.00%	10.00%	10.00%
		Inferior	Inferior	Inferior	Superior
Total Physical Adjustments		50.00%	45.00%	80.00%	-30.00%
Overall Qualitative Adjustment		Inferior	Inferior	Inferior	Superior
Indicated Price per SF		\$4.60	\$3.79	\$3.19	\$4.88

LAND VALUE CONCLUSION-COMMERCIAL LAND TRACT 6

Prior to adjustments the land sales indicated prices ranging from \$1.44 to \$5.62 per square foot with an average of \$2.95 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$2.48 to \$3.98 with an average of \$3.13 per square foot. The concluded land value is **\$3.15** per square foot. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$2,730,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - COMMERCIAL LAND TRACT 6	
	Indicators
Subject Land Area - Square Feet	866,844 SF
Reconciled Land Value per Acre	\$3.15
Reconciled Land Value (Rd)	\$2,730,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - COMMERCIAL LAND TRACT 6					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6078	6083	6356	6357
Address	U.S. 290 at Old Kimbro Road	6817 Lee Manor Cove	6809 Lee Manor Cove	Cameron Road	9701 & 9689 US Highway 290 E
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Mixed Use	Mixed Use	Mixed Use Comm	Commercial
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	RWSK Investments, LLC	RWSK Investments, LLC	Podlipny Family Trust	Kerry S. Yom
Grantee	--	Running Rope, LLC	Tomaly Cain, LLC	Firmus Equity Partners, LLC	Gardner Iron & Metal Company, Inc.
Marketing Time (days)	--	NA	NA	498	N/A
Sale Date	--	5/8/2019	1/8/2020	10/18/2019	9/23/2019
Adj. Sale Price*	--	\$210,000	\$207,500	\$940,000	\$2,169,742
Gross Land Area (Acres)	19.900 Acres	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Gross Land Area (SF)	866,844 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Usable Land Area (Acres)	--	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Usable Land Area (SF)	866,844 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Sale Price per SF	--	\$2.39	\$2.36	\$1.44	\$5.62
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		28.33%	10.83%	23.33%	24.17%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		28.33%	10.83%	23.33%	24.17%
Subtotal (per SF)		\$3.06	\$2.61	\$1.77	\$6.98
Physical Adjustments					
		Inferior	Inferior	Inferior	Superior
Location/Access/Exposure		25.00%	25.00%	30.00%	-50.00%
		Superior	Superior	Superior	Superior
Size		-30.00%	-30.00%	-25.00%	-20.00%
		Similar	Superior	Similar	Similar
Shape/Frontage		0.00%	-5.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Similar
Utilities		25.00%	25.00%	25.00%	0.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Improvements		10.00%	10.00%	10.00%	10.00%
		Inferior	Inferior	Inferior	Superior
Total Physical Adjustments		30.00%	25.00%	40.00%	-60.00%
Overall Qualitative Adjustment		Inferior	Inferior	Inferior	Superior
Indicated Price per SF		\$3.98	\$3.27	\$2.48	\$2.79

LAND VALUE CONCLUSION-COMMERCIAL LAND TRACT 12

Prior to adjustments the land sales indicated prices ranging from \$1.44 to \$5.62 per square foot with an average of \$2.95 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$3.37 to \$5.23 with an average of \$4.35 per square foot. The concluded land value is **\$4.35** per square foot. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$470,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - COMMERCIAL LAND TRACT 12	
	Indicators
Subject Land Area - Square Feet	108,464 SF
Reconciled Land Value per Acre	\$4.35
Reconciled Land Value (Rd)	\$470,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - COMMERCIAL LAND TRACT 12					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6078	6083	6356	6357
Address	U.S. 290 at Old Kimbro Road	6817 Lee Manor Cove	6809 Lee Manor Cove	Cameron Road	9701 & 9689 US Highway 290 E
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Proposed Use	--	Mixed Use	Mixed Use	Mixed Use Comm	Commercial
Transaction Type	--	Closed Sale	Closed Sale	Closed Sale	Closed Sale
Financing	--	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Grantor	--	RWSK Investments, LLC	RWSK Investments, LLC	Podlipny Family Trust	Kerry S. Yom
Grantee	--	Running Rope, LLC	Tomaly Cain, LLC	Firmus Equity Partners, LLC	Gardner Iron & Metal Company, Inc.
Marketing Time (days)	--	NA	NA	498	N/A
Sale Date	--	5/8/2019	1/8/2020	10/18/2019	9/23/2019
Adj. Sale Price*	--	\$210,000	\$207,500	\$940,000	\$2,169,742
Gross Land Area (Acres)	2.490 Acres	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Gross Land Area (SF)	108,464 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Usable Land Area (Acres)	--	2.02 Acres	2.02 Acres	15.00 Acres	8.86 Acres
Usable Land Area (SF)	108,464 SF	87,948 SF	87,991 SF	653,400 SF	386,133 SF
Sale Price per SF	--	\$2.39	\$2.36	\$1.44	\$5.62
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		28.33%	10.83%	23.33%	24.17%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		28.33%	10.83%	23.33%	24.17%
Subtotal (per SF)		\$3.06	\$2.61	\$1.77	\$6.98
Physical Adjustments					
		Inferior	Inferior	Inferior	Superior
Location/Access/Exposure		25.00%	25.00%	30.00%	-50.00%
		Superior	Superior	Inferior	Inferior
Size		-3.00%	-3.00%	25.00%	15.00%
		Similar	Superior	Similar	Similar
Shape/Frontage		0.00%	-5.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Similar
Utilities		25.00%	25.00%	25.00%	0.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Improvements		10.00%	10.00%	10.00%	10.00%
		Inferior	Inferior	Inferior	Superior
Total Physical Adjustments		57.00%	52.00%	90.00%	-25.00%
Overall Qualitative Adjustment		Inferior	Inferior	Inferior	Superior
Indicated Price per SF		\$4.81	\$3.97	\$3.37	\$5.23

THREE TRACTS OF VACANT MEDIUM DENSITY (MULTI-FAMILY) LAND ANALYSIS AND ONE TRACT OF FLOODPLAIN LAND

The same sales have been utilized in the valuation of the Mixed Use (Multi-Family) land and the floodplain land. The subject includes three tracts of vacant multi-family land and one tract of floodplain described previous in the Land Analysis including (Tract No. 3) 11.85 acres located along the west side of Old Kimbro Road adjacent to Phase II; (Tract No. 10) 13.44 Acres located along the west side of Old Kimbro Road between Phases 3 and 4; (Tract No. 11) 19.96 acres located between Phases 4 and 5; and (Tract No. 7) 23.48 acres located along the east side of Old Kimbro Road to the South of Phase 2.

The sales utilized in the valuation of the multi-family land tracts outlined above range in pricing from \$1.44 to \$5.62 per square foot and in total land area from 9.36 to 58.40 acres. Although the sales differ slightly in terms of size and pricing per square foot, these sales are judged to be the most meaningful recent sales confirmed. The price variance is judged to be primarily due to differences in location, size and presence of available utilities. These are judged to be the most comparable commercial land sales available for use in the valuation of the subject vacant land tracts.

LAND SALES SUMMARY

The land sales for all of the multi-family tracts are summarized on the following page. Sale details are included in the Addenda. The locations of the land sales are outlined in the map following the land sales summary.

MIXED USE LAND SALES SUMMARY - MEDIUM DENSITY RESIDENTIAL

	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
ID	4063	6082	6189	6199	6296
Property Name	Manor Heights PID	13706 N FM Rd 973	9.37 Acres Vacant Land	25 Acres Vacant Land	I-35 S @ SH 45 SE
Address	U.S. 290 at Old Kimbrow Road	13706 N FM Road 973	NEC & SEC La Poynor and FM 973	11215 N. FM 973	I-35 S @ SH 45 SE
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Land
Proposed Use	--	Multi-Family	Multi Family	Multi Family	Multifamily Development
Transaction Type	--	Closed Sale	Pending Contract	Pending Contract	Closed Sale
Financing	--	Cash to Seller	Cash to seller	Cash to seller	Cash to Seller
Tax Account Number	[1] 248072 [2] 248122 [3] 477399 [4] 568776 [5] 704716 [6] 816122 [7] 236952 [8] 248120 [9] 248146 [10] 90264	786700	906099, 906100	227202	937679, 937680, 937681, 937682, 937683, 937684
Topography	Generally Level	Generally Level	Relatively Level	Generally Level	Level
Shape	Irregular	Irregular	Rectangular	Irregular	Irregular
Utilities	Public	Public	Water, sewer and electricity	Electric, water & sewer available	Public
Zoning	OCL	OCL	PUD	PUD	MF-4
Grantor	--	Cottonwood Holdings, Ltd.	706 Development Corp	706 Investment Partnership, Ltd.	South IH 35 Investors, LP
Grantee	--	Flats at Shadowglen CHL I, LLC	Milestone Comm Buildings	Capstone Collegiate Communities	Three Hills Land, LLC
Marketing Time	--	NA	NA	NA	1694
Sale Date	--	43271	44104	44048	43523
Adj. Sale Price*	--	2121895	1610000	4650000	7398000
Gross Land Area (Acres)	11.850 Acres	15.300	9.360	25.000	58.399
Gross Land Area (SF)	516,186 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Usable Land Area (Acres)	11.850 Acres	15.300	9.360	25.000	58.399
Usable Land Area (SF)	516,186 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Sale Price per SF	--	\$3.18	\$3.95	\$4.27	\$2.91
Verification	--	Broker	Broker	Contract	Broker



LAND SALES DISCUSSION-MIXED USE (MULTI-FAMILY) TRACTS

Although more numerous than small commercial site sales, it is noted that there have been a somewhat limited number of mixed use (multi-family) land sales in area over the last several years. This is primarily due to the fact that the neighborhood is in the initial stages of growth and mixed-use (multi-family) development typically follows new residential development somewhat. Four sales are considered. The sales range in date from 2018 to 2020, in size from 9.36 acres to 58.40 acres and in price from \$2.91 to \$4.27 per square foot. Due to the fact that the same sales are utilized in the analysis of the four subject Medium Density Use land valuations and since the adjustments are all basically the same for both with the exception of the size adjustments, the following discussion will apply to all four of the Medium Density Land valuations.

ADJUSTMENT PROCESS

Due to the imperfect nature of real estate markets, we have analyzed the comparables through the application of adjustments based on qualitative comparison. The adjustments made are subjective and are based on market evidence as well the appraiser’s research, judgment and experience. The adjustments are not based on a quantitative analysis tool such as “paired sales” due to the lack of paired sales data; or on multiple regression analysis, due to the lack of enough comparable sales to constitute a statistically valid sample. Therefore, the percentage adjustments summarized on the following grid should be viewed as conveying the degree of subjective adjustment applied, and not the result of a quantitative analysis. Finally, the percentage adjustments applied are reflective of different base numbers, to avoid distortion.

In our final rating of the comparable sales we have considered the following items of comparability in forming our opinion of land value for the subject.

Property Rights Conveyed

All of the sales utilized in this analysis involved the transfer of the fee simple interest. All of the sales have similar property rights; no adjustments are applied.

Financial Terms

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/cash down to market-oriented financing. All of the sales have similar financing; no adjustments are applied.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations, the conditions of sale may significantly affect transaction prices. All of the sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. All of the sales have similar conditions of sale; no adjustments are applied.

Market Conditions

This factor considers the differences in market conditions between the time of the comparable sale and the subject's date of value. For example, a comparable property which sold during a time of better market conditions would be superior to the subject as of the date of value.

The sales occurred between 2018 to 2020. Upward adjustments are applied for market conditions (time) to all of the sales. The land market in the area has continued to improve from 2018 through 2021.

Location/Access/Exposure

An adjustment for location is required when the location characteristics of a comparable property are different from those of the subject property. The appraised property sites are generally located just to the north of U.S. Highway 290 East between Old Kimbro Road and Bois de Arc Road in the city of Manor in northeast Austin MSA. The property is located within the Manor Heights Subdivision, including rights to common area amenities. Sale Nos. 1 and 4 are judged inferior in location being located farther out with lesser amounts of surrounding development and overall lower land values; upward adjustments are applied. Sale Nos. 2 and 3 are judged similar and not adjusted.

Size

The size adjustment generally reflects the inverse relationship expressed between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Hence, positive adjustments were made to larger land parcels, and negative adjustments were made to smaller land parcels when deemed appropriate.

For Mixed Use Tract No. 3, Sale No. 2 is smaller in size and is adjusted downward. Sale Nos. 1, 3 and 4 are larger and are adjusted upward for size. For the Mixed-Use Tract No. 10, Sale Nos. 1, 3 and 4 are larger and are adjusted upward for size. Sale No. 2 is smaller and is adjusted downward. For the Mixed-Use Tract

No. 11, Sale Nos. 1 and 2 are smaller in size and are adjusted downward. Sale Nos. 3 and 4 are larger and are adjusted upward for size. For the Floodplain Land Tract No. 7, Sale Nos. 1 and 2 are smaller in size and are adjusted downward. Sale Nos. 3 and 4 are larger and are adjusted upward for size.

Shape/Frontage

The appraised property tracts are generally irregular in configuration; however, they are well suited for proposed development. The shape of the site can affect the sales price based on the configuration and how it lends itself to use. All of the sales are judged similar in configuration to the subject tract and no adjustments are made.

Topography

The topography of a site can greatly affect the value. With the exception of the floodplain land, the subject property is generally level to rolling terrain. The sites are well suited for commercial development. All of the sales are judged to be similar in topography and no adjustments are applied. For the floodplain land, Tract No. 7, all of the sales have been adjusted downward 75% as they are superior to the subject in this regard.

Utilities to Site

The presence or lack of available utilities can be a key factor affecting sites. The subject land will have all utilities extended to the subdivision; however, all of the utilities will have to be extended through each site for access to the individual tracts. Development engineering and utilities are extended to the subject making the property ready for development. Due to the subject location within a proposed PID, all utility capacity to the area will be upgraded by the city which is considered a significant positive feature. Sale Nos. 1 and 4 are judged inferior in this regard being situated a greater distance from existing utilities and are adjusted upward accordingly. Sale Nos. 2 and 3 are judged similar being located in similar PID's to that of the subject.

Zoning

The subject property is not zoned. All of the sales are judged to have similar use potential; therefore, no adjustments are applied.

Improvements

The subject is located within Manor Heights Subdivision and within the Manor Heights PID. Since all of the sites within the subdivision will benefit from the development of site improvements and neighborhood amenities, this is judged to be a positive feature for the subject commercial sites. Sale Nos. 1 and 4 do not have similar benefits and thus are judged inferior; upward adjustments are applied to these two sales for the presence of these improvements. Sale Nos. 2 and 3 are both located in similar subdivisions which are also located in PID's and judged similar.

SUMMARY OF ADJUSTMENTS

Based on the comparative analysis, the table on the following page summarizes the adjustments warranted to each land sale.

LAND VALUE CONCLUSION-MIXED USE-MULTI-FAMILY TRACT 3

Prior to adjustments the land sales indicated prices ranging from \$2.91 to \$4.27 per square foot with an average of \$3.58 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$4.37 to \$5.54 with an average of \$5.03 per square foot. The concluded land value is **\$5.05** per acre. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$2,605,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - MEDIUM DENSITY TRACT 3	
	Indicators
Subject Land Area - Acres	11.8500
Reconciled Land Value per Square Foot	\$5.05
Reconciled Land Value (Rd)	\$2,605,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - MEDIUM DENSITY TRACT 3					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6082	6189	6199	6296
Property Name	Manor Heights PID	13706 N FM Rd 973	9.37 Acres Vacant Land	25 Acres Vacant Land	I-35 S @ SH 45 SE
Address	Highland Estates Units 2 and 4	13706 N FM Road 973	NEC & SEC La Poynor and FM 973	11215 N. FM 973	I-35 S @ SH 45 SE
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Land
Proposed Use	--	Multi-Family	Multi Family	Multi Family	Multifamily Development
Transaction Type	--	Closed Sale	Pending Contract	Pending Contract	Closed Sale
Financing	--	Cash to Seller	Cash to seller	Cash to seller	Cash to Seller
Grantor	--	Cottonwood Holdings, Ltd.	706 Development Corp	706 Investment Partnership, Ltd.	South IH 35 Investors, LP
Grantee	--	Flats at Shadowglen CHL I, LLC	Milestone Comm Buildings	Capstone Collegiate Communities	Three Hills Land, LLC
Marketing Time (days)	--	NA	N/A	N/A	N/A
Sale Date	--	6/20/2018	9/30/2020	8/5/2020	2/27/2019
Adj. Sale Price*	--	\$2,121,895	\$1,610,000	\$4,650,000	\$7,398,000
Gross Land Area (Acres)	11.850 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Gross Land Area (SF)	516,186 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Usable Land Area (Acres)	11.85 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Usable Land Area (SF)	516,186 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Sale Price per SF	--	\$3.18	\$3.95	\$4.27	\$2.91
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		26.67%	14.17%	15.83%	20.00%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		26.67%	14.17%	15.83%	20.00%
Subtotal (per SF)		\$4.03	\$4.51	\$4.95	\$3.49
Physical Adjustments					
		Inferior	Similar	Similar	Inferior
Location/Access/Exposure		5.00%	0.00%	0.00%	5.00%
		Inferior	Superior	Inferior	Inferior
Size		5.00%	-3.00%	12.00%	17.00%
		Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Utilities		10.00%	0.00%	0.00%	10.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Improvements		10.00%	0.00%	0.00%	10.00%
		Inferior	Superior	Inferior	Inferior
Total Physical Adjustments		30.00%	-3.00%	12.00%	42.00%
Overall Qualitative Adjustment		Inferior	Superior	Inferior	Inferior
Indicated Price per SF		\$5.24	\$4.37	\$5.54	\$4.96

LAND VALUE CONCLUSION-MIXED USE-MULTI-FAMILY TRACT 10

Prior to adjustments the land sales indicated prices ranging from \$2.91 to \$4.27 per square foot with an average of \$3.58 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$4.28 to \$5.44 with an average of \$5.05 per square foot. The concluded land value is **\$5.05** per acre. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$2,955,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - MEDIUM DENSITY TRACT 10	
	Indicators
Subject Land Area - Acres	13.4400
Reconciled Land Value per Square Foot	\$5.05
Reconciled Land Value (Rd)	\$2,955,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - MEDIUM DENSITY TRACT 10					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6082	6189	6199	6296
Property Name	Manor Heights PID	13706 N FM Rd 973	9.37 Acres Vacant Land	25 Acres Vacant Land	I-35 S @ SH 45 SE
Address	Highland Estates Units 2 and 4	13706 N FM Road 973	NEC & SEC La Poynor and FM 973	11215 N. FM 973	I-35 S @ SH 45 SE
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Land
Proposed Use	--	Multi-Family	Multi Family	Multi Family	Multifamily Development
Transaction Type	--	Closed Sale	Pending Contract	Pending Contract	Closed Sale
Financing	--	Cash to Seller	Cash to seller	Cash to seller	Cash to Seller
Grantor	--	Cottonwood Holdings, Ltd.	706 Development Corp	706 Investment Partnership, Ltd.	South IH 35 Investors, LP
Grantee	--	Flats at Shadowglen CHL I, LLC	Milestone Comm Buildings	Capstone Collegiate Communities	Three Hills Land, LLC
Marketing Time (days)	--	NA	N/A	N/A	N/A
Sale Date	--	6/20/2018	9/30/2020	8/5/2020	2/27/2019
Adj. Sale Price*	--	\$2,121,895	\$1,610,000	\$4,650,000	\$7,398,000
Gross Land Area (Acres)	13.440 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Gross Land Area (SF)	585,446 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Usable Land Area (Acres)	13.44 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Usable Land Area (SF)	585,446 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Sale Price per SF	--	\$3.18	\$3.95	\$4.27	\$2.91
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		26.67%	14.17%	15.83%	20.00%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		26.67%	14.17%	15.83%	20.00%
Subtotal (per SF)		\$4.03	\$4.51	\$4.95	\$3.49
Physical Adjustments					
		Inferior	Similar	Similar	Inferior
Location/Access/Exposure		5.00%	0.00%	0.00%	5.00%
		Inferior	Superior	Inferior	Inferior
Size		5.00%	-5.00%	10.00%	25.00%
		Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Utilities		10.00%	0.00%	0.00%	10.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Improvements		10.00%	0.00%	0.00%	10.00%
		Inferior	Superior	Inferior	Inferior
Total Physical Adjustments		30.00%	-5.00%	10.00%	50.00%
Overall Qualitative Adjustment		Inferior	Superior	Inferior	Inferior
Indicated Price per SF		\$5.24	\$4.28	\$5.44	\$5.23

LAND VALUE CONCLUSION-MIXED USE-MULTI-FAMILY TRACT 11

Prior to adjustments the land sales indicated prices ranging from \$2.91 to \$4.27 per square foot with an average of \$3.58 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$4.06 to \$5.19 with an average of \$4.70 per square foot. The concluded land value is **\$4.70** per square foot. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$4,085,000**.

LAND VALUE CONCLUSION - MEDIUM DENSITY TRACT 11	
	Indicators
Subject Land Area - Acres	19.9600
Reconciled Land Value per Square Foot	\$4.70
Reconciled Land Value (Rd)	\$4,085,000

The Land Sales Adjustment Analysis is included on the following page.

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - MEDIUM DENSITY TRACT 11					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6082	6189	6199	6296
Property Name	Manor Heights PID	13706 N FM Rd 973	9.37 Acres Vacant Land	25 Acres Vacant Land	I-35 S @ SH 45 SE
Address	Highland Estates Units 2 and 4	13706 N FM Road 973	NEC & SEC La Poynor and FM 973	11215 N. FM 973	I-35 S @ SH 45 SE
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Land
Proposed Use	--	Multi-Family	Multi Family	Multi Family	Multifamily Development
Transaction Type	--	Closed Sale	Pending Contract	Pending Contract	Closed Sale
Financing	--	Cash to Seller	Cash to seller	Cash to seller	Cash to Seller
Grantor	--	Cottonwood Holdings, Ltd.	706 Development Corp	706 Investment Partnership, Ltd.	South IH 35 Investors, LP
Grantee	--	Flats at Shadowglen CHL I, LLC	Milestone Comm Buildings	Capstone Collegiate Communities	Three Hills Land, LLC
Marketing Time (days)	--	NA	N/A	N/A	N/A
Sale Date	--	6/20/2018	9/30/2020	8/5/2020	2/27/2019
Adj. Sale Price*	--	\$2,121,895	\$1,610,000	\$4,650,000	\$7,398,000
Gross Land Area (Acres)	19.960 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Gross Land Area (SF)	869,458 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Usable Land Area (Acres)	19.96 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Usable Land Area (SF)	869,458 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Sale Price per SF	--	\$3.18	\$3.95	\$4.27	\$2.91
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		26.67%	14.17%	15.83%	20.00%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		26.67%	14.17%	15.83%	20.00%
Subtotal (per SF)		\$4.03	\$4.51	\$4.95	\$3.49
Physical Adjustments					
		Inferior	Similar	Similar	Inferior
Location/Access/Exposure		5.00%	0.00%	0.00%	5.00%
		Superior	Superior	Inferior	Inferior
Size		-5.00%	-10.00%	5.00%	10.00%
		Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Topography/Elevation/Views		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Utilities		10.00%	0.00%	0.00%	10.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Improvements		10.00%	0.00%	0.00%	10.00%
		Inferior	Superior	Inferior	Inferior
Total Physical Adjustments		20.00%	-10.00%	5.00%	35.00%
Overall Qualitative Adjustment		Inferior	Superior	Inferior	Inferior
Indicated Price per SF		\$4.84	\$4.06	\$5.19	\$4.71

LAND VALUE CONCLUSION-FLOODPLAIN LAND TRACT 7

Prior to adjustments the land sales indicated prices ranging from \$2.91 to \$4.27 per square foot with an average of \$3.58 per square foot. After adjustments, the land sales indicate the value of the subject site to be in the range of \$0.59 to \$2.16 with an average of \$1.49 per square foot. The concluded land value is **\$1.50** per acre. The sales utilized were the best sales available as of the date of appraisal and the adjustments are believed to be valid based on our knowledge of the market and comparable land sales in other areas we have analyzed in other areas.

Based upon our analysis of the land sales and knowledge of the local real estate market, we conclude that the indicated "As Is" market value (rounded) as of the effective date of value by the (land) sales comparison approach is **\$1,535,000**.

The Land Sales Adjustment Analysis is included on the following page.

LAND VALUE CONCLUSION - MEDIUM DENSITY TRACT 7	
	Indicators
Subject Land Area - Acres	23.4790
Reconciled Land Value per Square Foot	\$1.50
Reconciled Land Value (Rd)	\$1,535,000

LAND SALES COMPARISON ADJUSTMENT ANALYSIS - FLOODPLAIN TRACT 7					
Comparable	Subject	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3	Land Sale No. 4
Record ID	4063	6082	6189	6199	6296
Property Name	Manor Heights PID	13706 N FM Rd 973	9.37 Acres Vacant Land	25 Acres Vacant Land	I-35 S @ SH 45 SE
Address	Highland Estates Units 2 and 4	13706 N FM Road 973	NEC & SEC La Poynor and FM 973	11215 N. FM 973	I-35 S @ SH 45 SE
City	Manor	Manor	Manor	Manor	Austin
County	Travis	Travis	Travis	Travis	Travis
State	Texas	Texas	Texas	Texas	Texas
Use at Sale	--	Vacant Land	Vacant Land	Vacant Land	Land
Proposed Use	--	Multi-Family	Multi Family	Multi Family	Multifamily Development
Transaction Type	--	Closed Sale	Pending Contract	Pending Contract	Closed Sale
Financing	--	Cash to Seller	Cash to seller	Cash to seller	Cash to Seller
Grantor	--	Cottonwood Holdings, Ltd.	706 Development Corp	706 Investment Partnership, Ltd.	South IH 35 Investors, LP
Grantee	--	Flats at Shadowglen CHL I, LLC	Milestone Comm Buildings	Capstone Collegiate Communities	Three Hills Land, LLC
Marketing Time (days)	--	NA	N/A	N/A	N/A
Sale Date	--	6/20/2018	9/30/2020	8/5/2020	2/27/2019
Adj. Sale Price*	--	\$2,121,895	\$1,610,000	\$4,650,000	\$7,398,000
Gross Land Area (Acres)	23.479 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Gross Land Area (SF)	1,022,745 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Usable Land Area (Acres)	23.48 Acres	15.30 Acres	9.36 Acres	25.00 Acres	58.40 Acres
Usable Land Area (SF)	1,022,745 SF	666,468 SF	407,722 SF	1,089,000 SF	2,543,860 SF
Sale Price per SF	--	\$3.18	\$3.95	\$4.27	\$2.91
Transaction Adjustments					
		Similar	Similar	Similar	Similar
Property Rights		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Financing		0.00%	0.00%	0.00%	0.00%
		Similar	Similar	Similar	Similar
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
		Inferior	Inferior	Inferior	Inferior
Market Conditions (Time)		26.67%	14.17%	15.83%	20.00%
		Inferior	Inferior	Inferior	Inferior
Total Transaction Adjustments		26.67%	14.17%	15.83%	20.00%
Subtotal (per SF)		\$4.03	\$4.51	\$4.95	\$3.49
Physical Adjustments					
		Inferior	Similar	Similar	Inferior
Location/Access/Exposure		5.00%	0.00%	0.00%	5.00%
		Superior	Superior	Inferior	Inferior
Size		-5.00%	-12.00%	3.00%	12.00%
		Similar	Similar	Similar	Similar
Shape/Frontage		0.00%	0.00%	0.00%	0.00%
		Superior	Superior	Superior	Superior
Topography/Elevation/Floodplain		-75.00%	-75.00%	-75.00%	-75.00%
		Inferior	Similar	Similar	Inferior
Utilities		10.00%	0.00%	0.00%	10.00%
		Similar	Similar	Similar	Similar
Zoning		0.00%	0.00%	0.00%	0.00%
		Inferior	Similar	Similar	Inferior
Improvements		10.00%	0.00%	0.00%	10.00%
		Superior	Superior	Superior	Superior
Total Physical Adjustments		-55.00%	-87.00%	-72.00%	-38.00%
Overall Qualitative Adjustment		Superior	Superior	Superior	Superior
Indicated Price per SF		\$1.81	\$0.59	\$1.38	\$2.16

COST APPROACH – PROPOSED LOTS PHASES I AND II

The subject property proposed Phases I and II contains approximately 219.530 acres of residential land area. The total estimated cost based on the engineer’s costs provided by the developer coupled with our analysis of costs with Marshall Valuation Service is \$14,349,610. When other indirect costs estimated at 7.5% plus entrepreneurial profit of 10%, the estimated costs is shown to total \$16,968,414. The concluded market value of the land as shown in the previous section is \$6,240,000 for both Phases I and II. When the estimated land value is added, the indicated value of the Phases I and II of Manor Heights Subdivision, 264 single family lots at lot completion (prior to lot sales) is indicated as follows.

COST APPROACH - PHASE I AND II	
	"As Complete"
Depreciated Replacement Cost New	\$16,968,414
Land Value	\$6,240,000
"As Complete" Cost Approach Value (RD)	\$23,210,000

The estimated cost of developing the 733 future lots in Phases III, IV and V for use in the DCF, not including land value is:

DEVELOPMENT COST - PHASES III-IV; 735 FUTURE LOTS	
	"As Complete"
	\$21,590,000

COST APPROACH SUMMARY

Replacement Cost New	No. Lots	Ph. I and II	Total Cost Phases III, IV and V
Site Improvements			
SITE PREP AND STREET IMPROVEMENTS			
Phase I & II		515	
Water Service		\$1,414,867	
Wastewater		\$2,185,531	
Stormwater/drainage		\$2,099,729	
Erosion Control/Clearing/Rough Cut		\$582,638	
Pavement and Appurtenances		\$2,924,361	
Grading		\$4,013,403	
Miscellaneous		\$1,129,081	
Total Phase I & II		\$14,349,610	
		\$27,863	
Phase III			284
Water Service			\$862,249
Wastewater			\$881,213
Stormwater/drainage			\$1,876,290
Erosion Control/Clearing/Rough Cut			\$61,142
Pavement and Appurtenances			\$1,859,583
Grading			\$306,000
Miscellaneous			\$188,000
Total Phase III			\$6,034,477
Phase IV & V			449
Water Service			\$1,786,556
Wastewater			\$1,311,441
Stormwater/drainage			\$2,358,195
Erosion Control/Clearing/Rough Cut			\$66,946
Pavement and Appurtenances			\$3,897,040
Grading			\$2,503,297
Miscellaneous			\$296,000
Total Phase IV & V			\$12,219,475
Total Direct Costs	\$27,863	\$14,349,610	\$18,253,952
Plus: Other Indirect Costs (% of Direct Costs)	7.5%	\$1,076,221	\$1,369,046
Subtotal Replacement Cost New		\$15,425,831	\$19,622,998
Plus: Entrepreneurial Profit (% of RCN)	10.0%	\$1,542,583	\$1,962,300
Total Replacement Cost New (RCN)		\$2,618,804	\$3,331,346
Total Replacement Cost New (RCN)		\$16,968,414	\$21,585,298
Less Accrued Depreciation	as %		
Total Physical Deterioration	0.0%		
Functional Obsolescence	0.0%		
External Obsolescence	0.0%		
Total Depreciation	0.0%		
Depreciated Replacement Cost New		\$16,968,414	\$21,585,298
Plus Land Value		\$6,240,000	NA
Value Indication			
Indicated Value by Cost Approach		\$23,208,414	\$21,585,298
Rounded		\$23,210,000	\$21,590,000

INCOME APPROACH – SUBDIVISION ANALYSIS

PHASES I & II – 515 EXISTING AND PROPOSED LOTS

PHASES III, IV & V – 285.67 ACRES VACANT LAND PLATTED AND ENTITLED FOR 733 LOTS

For purposes of the Income Approach, the individual market value of the proposed lots must be estimated. In this initial analysis the appraisers are estimating the market value of the individual lots using the Sales Comparison Approach.

In the Income Approach, we will estimate the value of the proposed lots using the Sales Comparison Approach by comparing them to similar, recently sold lots in the competing area. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arms-length transactions between willing and knowledgeable buyers and sellers, the appraisers can identify value and price trends. The properties must be comparable to the subject in physical, locational, and economic characteristics. The basic steps of this approach are:

1. Research recent, relevant property sales and current offerings throughout the competitive area;
2. Select and analyze properties that are similar to the subject;
3. Identify sales that include favorable financing and calculate the cash equivalent price;
4. Reduce the sale prices to a common unit of comparison;
5. Make appropriate adjustments to the prices of the comparable properties;
6. Interpret the adjusted sales data and provide an opinion of value.

The first objective of this approach is to value the subject residential lots in a finished condition. Finished lots are defined as having interior streets and utilities complete to the lot.

Subject Lot Sales

The subject lots include 515 developed and proposed lots in Phases I and II and 733 future lots in Phases III through V. The summary for these lots is included below:

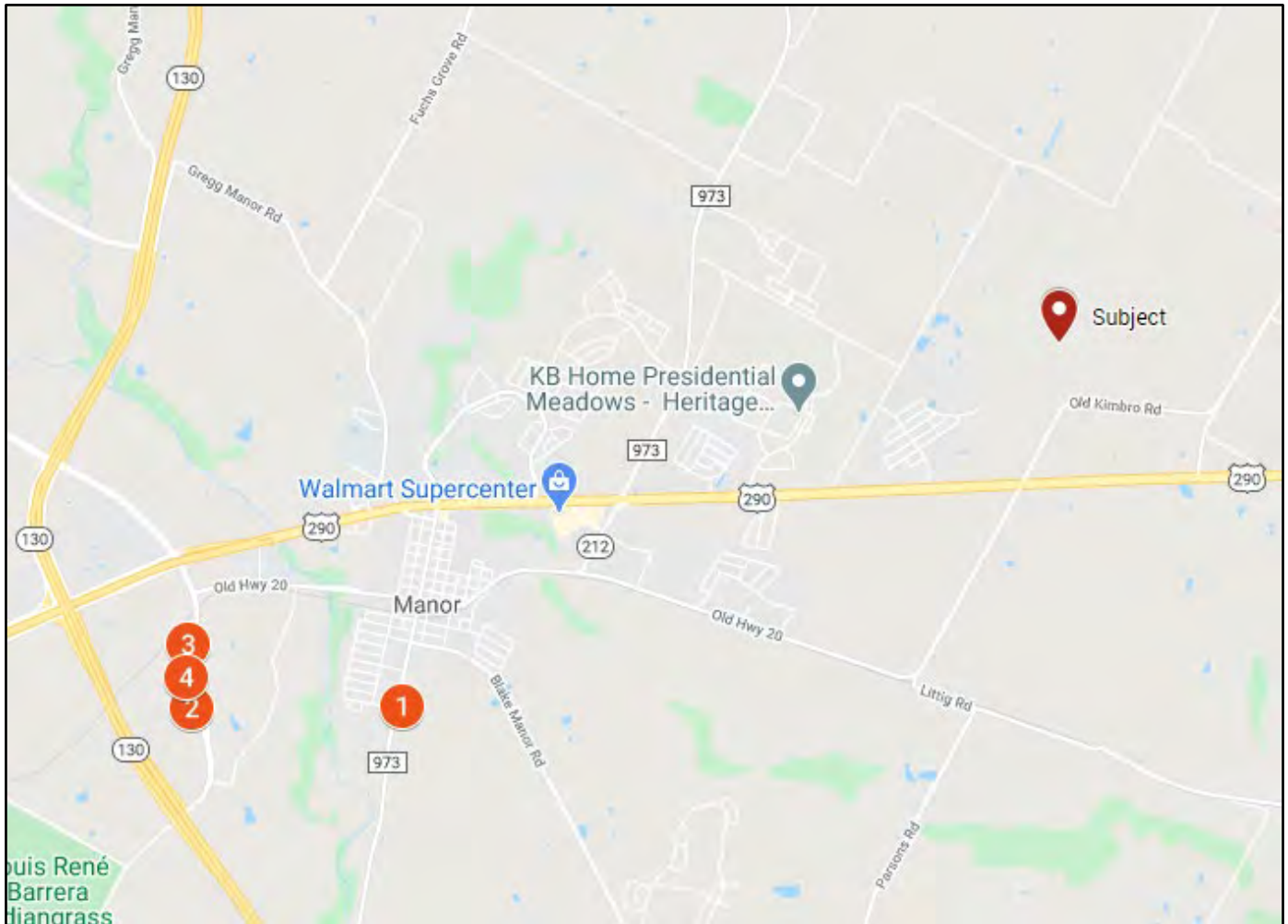
LAND USE SUMMARY - PHASES I-V MANOR HEIGHTS SUBDIVISION									
Type	Total		Ac/Lot	Gross		Total		Future Condition	Proposed Condition
	Lots	FF		SF/Lot	Net SF	Net Ac.	Gross Ac.		
SFR Lots - Phase I	264	50'	0.149	6,500	1,716,000	39.394	127.370	Finished Lots	Single Family Homes
SFR Lots - Phase II	251	50'-55'	0.154	6,694	1,680,250	38.573	92.160	Finished Lots	Single Family Homes
SFR Lots - Phase III- Future Lots	284	50', 55', 60'	0.156	6,816	1,935,700	44.438	147.180	Finished Lots	Single Family Homes
SFR Lots - Phase IV - Future Lots	252	50'	0.150	6,549	1,650,350	37.887	76.530	Finished Lots	Single Family Homes
SFR Lots - Phase V - Future Lots	197	50', 55', 60'	0.165	7,180	1,414,400	32.470	61.960	Finished Lots	Single Family Homes
Total	1,248		0.154	6,728	8,396,700	192.762	505.200	Finished Lots	Single Family Homes

A lot valuation analysis has been completed and discussed below for the lots analyzed. The subject single family lots will be sold to area home builders and are projected to be sold on a “bulk” lot basis according to the “take-down” contracts which are typical in the market for this type of lot.

Comparable Lot Sales

The table on the following page summarizes the comparable sales data and the map following the summary shows the location of the comparable properties in relation to the subject.

LOT SALE COMPARABLES									
Sale No.	Project Address/Location	Lot Type	Sale Date	Lot Price Purchase Type	# Lots	Avg. Lot Size	Price Per FF	Avg Home Price	Lot to Home Ratio
	Manor Heights Buyer-Continental Homes	SFR		\$60,000 Take Down	180	50 FF	\$ 1,200	\$250,000	24.0%
	50'- Lots	50'	11/06/2020	incr. 6%/Ann.					
1	Lagos Subdivision Buyer-Ashton Woods	SFR		\$58,427 Take Down	118	50 FF	\$ 1,169	\$270,000	21.6%
	50'- Lots	50'	2019-2020	incr. 6%/Ann.					
2	Heritage Point @ Wildhorse Ranch Buyer-Taylor Morrison	SFR		\$58,427 \$73,034	88	40 FF 50 FF	\$ 1,461 \$ 1,461	\$300,000	22.0%
	40' & 50' Lots	40' & 50'	2019-2020	Take Down					
3	Wildhorse Ranch Subdivision Buyer-Pulte Home	SFR		\$54,800 \$66,000	88	40 FF 50 FF	\$ 1,370 \$ 1,320	\$295,000 \$320,000	18.6% 20.6%
	40' & 50' Lots	40' & 50'	2019	Bulk Purchase					
4	Heritage Point @ Wildhorse Ranch Buyer-The Brohn Group	SFR		\$63,203 Take Down	56	50 FF	\$ 1,264	\$325,000	19.4%
	50' Lots	50'	2019	Bulk Purchase					



Discussion of Lot Sales

The data search is focused on bulk lot sales of similar sized lots in competing subdivisions. Sales, pending sales, offers, and/or listings were researched and confirmed. The most comparable data were specifically analyzed and reported herein. The comparable sales utilized were the best available to the appraisers. The subject single family lots will be sold under bulk “take down” contracts to builders, thus take down contractual lot sales to builders were utilized in the analysis of these lots. The lots for Phases I and II are under contract to Continental Homes. All of the lot sales are located in Manor, however slightly more centralized.

We have utilized and reflected what information was found and/or reported to be the most recent purchase prices for similar bulk lot sales in competing subdivisions.

Builder Contracts – The subject lots will be sold under bulk “take-down” contract to area Home Builders. The lot contract will be at a fixed lot price for each size of lot. Typical contracts in the market allow for a 6% increase per annum. Currently, the lots in Phases I are under contract to Continental Homes at a lot pricing of \$60,000 per lot for 50-foot lots. The take down schedule requires 35 lots closed initially and then 36 lots per quarter to be closed. Phase II will be contracted under similar terms at a later date.

Adjustments to the Comparables – Lot Sales

An adjustment grid has been utilized to estimate market value for the subject lots. The adjustments for the subject single family lots were adjusted based on Price per Front Foot. This method reflects what is most typical for this lot type. In order to value the subject lots, the comparable transactions were adjusted to reflect differences with the subject in regard to various categories that affect market value. If a comparable has an attribute that is considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories that are considered inferior to the subject and are adjusted upward. The adjustment process considered variations in property rights conveyed, financing terms, conditions of sale, change in market conditions, location, physical and economic characteristics.

Property Rights Conveyed

The subject and the comparables reflected fee simple transactions. No adjustments were warranted.

Financing

All of the transactions were “arms-length” market sales on a per lot basis and per lot pricing in the comparable analysis. No adjustments were warranted.

Conditions of Sale

Only comparables with typical conditions of sale were considered in the analysis and no adjustments for condition of sale were considered.

Market Conditions

Because current economic conditions reflect real estate market volatility, the appraisers have considered the difference in market conditions between the time of the comparable sale and the date of value. All of the comparable sales are 2019 and 2020. As all of the lot sales are relatively recent, no time adjustments have been applied.

The single-family lot comparables include the subject lot contract as well as comparable lots in Lagos, Wildhorse Ranch and Heritage Point at Wildhorse Ranch. Before adjustments, these lots range in pricing from \$54,800 to \$63,203 per lot or \$1,169 to \$1,461 per front foot. As discussed, adjustments to this group

of sales are applied on the basis of price per front foot as these sales typically transfer on this basis. Sale No. 1 is judged slightly inferior in location and is adjusted upward. Downward adjustments are made to Sale Nos. 2, 3, 5 and 6 for location as these sales are located in Wild Horse Ranch which is an existing development with numerous fully developed homes and sales activity which tends to increase the initial lot pricing somewhat. No additional size adjustments are applied as the lots are all similar in size and they are being analyzed based on price per front foot. No other adjustments were deemed necessary.

After adjustments, the sales indicate values ranging from \$1,138 to \$1,242 per front foot with a mean of \$1,201. The concluded market value is \$1,200 per front foot which indicates a concluded retail price of \$60,000 for 50-FF lots, \$66,000 for 55-FF lots and \$72,000 for 60-FF lots for all of the proposed lots. These lot prices are in line with comparable lot pricing in similar subdivisions. The lot prices are projected to increase 6% for each subsequent phase.

Average 50' Lot	
Price Range	Lot Price
High	\$1,242
Low	\$1,138
Average	\$1,201

Lot Type	Finished Lot Price
50' Lots	\$60,000
55' Lots	\$66,000
60' Lots	\$72,000

COMPARABLE LOT SALES ADJSUTMENT GRIDS

Based on the preceding discussion, adjustments to the lot sales are outlined in the table below.

LOT ADJUSTMENT GRID										
Comparable No.	COMPARABLE SALE Subject		COMPARABLE SALE 1		COMPARABLE SALE 2		COMPARABLE SALE 3		COMPARABLE SALE 4	
Location	Manor Heights		Lagos Subdivision		Heritage Point @ Wildhorse Ranch		Wildhorse Ranch Subdivision		Heritage Point @ Wildhorse Ranch	
Avg FF	50 FF		50 FF		50 FF		50 FF		50 FF	
Sale Price/Lot	\$60,000		\$58,427		\$73,034		\$66,000		\$63,203	
Avg. Price/FF	\$1,200		\$1,169		\$1,461		\$1,320		\$1,264	
Verification Source	Seller		Seller		Seller		Seller		Seller	
VALUE ADJUSTMENTS	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust
Sale or Financing	Cash to seller	\$ -	Cash to seller	\$ -	Cash to seller	\$ -	Cash to seller	\$ -	Cash to seller	\$ -
Concessions	None	\$ -	None	\$ -	None	\$ -	None	\$ -	None	\$ -
Property Rights	FS/Builder	\$ -	FS/Builder	\$ -	FS/Builder	\$ -	FS/Builder	\$ -	FS/Builder	\$ -
Date of Sale/Time	Oct. 2020	\$ 1,200	2019-2020	\$ 1,169	2019-2020	\$ 1,461	2019	\$ 1,320	2019	\$ 1,264
Adjusted Sale Price		\$ 1,200		\$ 1,169		\$ 1,461		\$ 1,399		\$ 1,264
Location	Same	\$ -	Inferior	\$ 58	Superior	\$ (219)	Superior	\$ (198)	Superior	\$ (126)
Property Rights	Fee Simple	\$ -	Fee Simple	\$ -	Fee Simple	\$ -	Fee Simple	\$ -	Fee Simple	\$ -
Builder Contracts	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Site Characteristics	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Impact Fees/Private Sewer	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Size/FF	55' to 70'	\$ -	55' to 70'	\$ -	40' & 50'	\$ -	50' & 55'	\$ -	65'	\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
Adjusted Sale Price		\$ 1,200		\$ 1,227		\$ 1,242		\$ 1,201		\$ 1,138

The total projected revenue of the lots (at pricing as of the completion date) indicates the average lot price for use in the DCF for Phases I and II is \$60,874 based on the lot count of 440 50-FF lots and 75 55-FF lots. The average lot price for Phases III, IV and V is \$62,971 based on the unit mix of 514 50-FF lots, 75 55-FF lots and 144 60-FF lots. The chart is shown below:

REVENUE - STATIC TOTALS - PROPOSED LOTS				
Phase	Lot Size	Total Units	Retail Revenue	
			\$/Lot	Total
1 & 2	50.00	440	\$60,000	\$26,400,000
1 & 2	55.00	75	\$66,000	\$4,950,000
Total	50 & 55	515	\$60,874	\$31,350,000
3,4,5	50.00	514	\$60,000	\$30,840,000
3,4,5	55.00	75	\$66,000	\$4,950,000
3,4,5	60.00	144	\$72,000	\$10,368,000
Total	50, 55 & 60	733	\$62,971	\$46,158,000

Finished Lot Ratio Analysis

As a “check” on the indicated value by the comparable lot sales, a finished lot ratio analysis (only for the 50 foot lots, as these are currently completed) is also considered.

The finished lot ratio analysis provides a relationship between the finished lot prices and the average retail home price. The finished lot ratio analysis provides a check on “reasonableness” comparing the finished lot value with the retail home price. Based on our discussions with developers and local residential land brokers, the typical finished lot ratios within the subject market range from approximately 18.3% to 22.0% of the average retail home price (single-family residential subdivision). These general guidelines are useful in checking the overall reasonableness of the finished lot value within a particular market area.

The subject lot sale comparables supported the following finished lot to home ratios.

LOT TO HOME PRICE RATIO	
Sale No.	Lot to Home \$ Ratio
Subject	24.0%
1	21.6%
2	22.0%
3	18.6%
4	19.4%

The following reflects the previously estimated lot price as compared to the proposed average home price in the subject Manor Heights Subdivision:

FINISHED LOT TO HOME PRICE RATIO				
	Lot Size	Finished Lot (Appraised)	Home Price	Land/Price Ratio
Manor Heights	50'	\$60,000	\$275,000	21.82%

CONCLUSION

Overall, the indicated subject ratio is within the range reflected by comparables and judged to be reasonable.

DISCOUNTED CASH FLOW ANALYSIS – INCOME APPROACH

The Income Approach is used by developers to determine the price they can afford to pay for the property and assuming support of a development, utilizing discounted cash flow analysis considering the likely absorption, pricing and selling expenses associated with the development. The residual value conclusion results from taking into account anticipated sales revenues of the proposed lots, costs of infrastructure construction, administration and sales/closing, absorption timing and return expectations. The appraisers developed “market based” build-out models to conclude the following:

In the appraisal of the subject property, a DCF analysis has been completed in order to value the proposed 515 single family lots in Phases I and II, and the entitled land for Phases III, IV and V platted for 733 single family lots. The DCF analysis has been completed assuming that all of the 515 lots in Phases I and II are complete as of the as is date of value (lots in Phase I are 100% and lots in Phase II are 30% complete as of the date of value). As the property includes the 3 tracts of entitled land (Tract Nos. 8, 9 and 13) totaling 285.67 acres (Phases III, IV and V) of entitled and platted lots, sellout of the future development of the 733 platted single family lots is projected to begin at the end of Year 4 after sell out of the 515 lots in Phases I and II. The cost of development of \$21,585,298 for Phase III, IV and V, as shown in the Cost Approach has been deducted at the beginning of the Year 4 in order to indicate the “as is” value of the 285.67 acres of vacant entitled and platted land.

In order to derive sales revenue, the retail values of the finished lots have been estimated via the sales comparison approach. The resulting cash flows will be discounted into an as is market value estimate.

TIMING AND ABSORPTION

The absorption rates experienced by competing custom home residential subdivisions were discussed in the Residential Market Overview section of the report and a projection was made as to the subject lot sellout. Supported with the market study and comparable sales contracts, the subject lots in Phases I and II are projected to be absorbed by Year 4; with future Phases III, IV and V in being absorbed by Year 9. Additionally, it is noted that the subject lot contracts require the builder to “take down” 36 lots per quarter.

COSTS, REIMBURSEMENTS AND EXPENSES (SOFT COSTS)

These costs are attributable to the sellout of the remaining subject inventory lots.

MUNICIPAL/DISTRICT REIMBURSEMENTS

The appraisers have not included any potential for reimbursement associated with previously spent infrastructure.

INFRASTRUCTURE COSTS

The subject lots are valued as if complete in this analysis (Phases I and II) with no remaining infrastructure costs. No additional costs associated with the proposed development have been included. For Phases III through V, which consist of 285.67 acres of entitled land, the development cost has been deducted at the beginning of the lot sellout.

HOA DUES

The developer will not pay any HOA dues during the holding period before the lots are sold.

SALES COMMISSIONS, TITLE AND CLOSING COSTS

It is necessary to include sales commissions in the pro forma plus additional title and closing costs. These costs are typical for a land broker to sell the property over the absorption period. However bulk lots are typically sold to merchant builders under rolling option agreements reducing the amount of sales commissions required. Stewart Title indicated that 1.5% of sales proceeds is appropriate for title and closing costs, as closing costs are shared by the lot purchasers under the lot contracts. Typically, a total of 5.0% of the lot sales price is allocated for sales commissions, title and closing costs would be appropriate. However, since all sales are made "in-house", there are reduced or no sales commissions in the lot sales, we have utilized a 1.5% closing cost/miscellaneous cost in our projection.

MARKETING/ADVERTISING COSTS

An average sales and marketing allowance is warranted and brokers suggest 1.5% to 2.5% of sale revenues are adequate. However, a portion of the marketing cost is borne by the homebuilders/ lot purchasers. The appraisers have deducted 1.5% marketing/advertising costs to the developer on an annual basis over the projected holding period.

GENERAL ADMINISTRATIVE/OVERHEAD COSTS AND TAXES

Over the duration of the project, the developer's staff and/or hired consultants will have to oversee all aspects of acquisition and periodic site inspections, financial reporting, etc. Per a review of similar cost budgets from comparable developments, general and administrative expenses typically range from 2.0% to 4.0%, trending to lower expense ratios. The appraisers have estimated an allowance of 2.5% of gross sales for general and administration/overhead costs and/or equivalent management fee, due to the finished nature of the development and its "close-in" location.

We have calculated the tax burden based on a projected assessed value of \$25,000 for the existing and proposed single family lots. The projected assessed value per lot was calculated in the Tax Section of this report based on assessed values of some of the subject lots which have been assessed and similar inventory held lots in the completed portion of the subject subdivision. We have included a line item cost to reflect declining inventory as units are sold. Taxes are deducted on an annual basis per the lot sales projection. The tax payment for each year is based on an average of the number of lots held in inventory at the beginning of the year and the number of lots held at the end of the year. Taxes are based on annual projected sales and reduction in inventory. Taxes deducted for Phases III, IV and V reflect only the vacant land prior to projected lot development. Tax calculations for the proposed lots are shown in the following charts.

Annual Tax Projections										
Total Income Projections										
Quarter	No. of Lots	1	2	3	4	5	6	7	8	9
Phases I & II										
Subtotal Finished Lots	515	515	385	252	117	0	0	0	0	0
Lot Sales		130	133	135	117	0	0	0	0	0
Lots Remaining	515	385	252	117	0	0	0	0	0	0
Total Assessed Value	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Tax Rate		\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492
Tax Per Lot		\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Taxes - per Annum		\$ 331,789	\$ 234,833	\$ 136,034	\$ 43,133	\$ -	\$ -	\$ -	\$ -	\$ -
Phases III, IV & V										
Subtotal Finished Lots	733	0	0	0	733	733	593	450	304	155
Lot Sales		0	0	0	0	140	143	146	149	155
Lots Remaining	733	0	0	0	733	593	450	304	155	0
Total Assessed Value	\$ -	\$ 192,302	\$ 192,302	\$ 192,302	\$ 192,302	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Tax Rate		\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492	\$ 2.9492
Tax Per Lot		\$ -	\$ -	\$ -	\$ -	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Taxes - per Annum		\$ 5,671	\$ 5,671	\$ 5,671	\$ 5,671	\$ 488,836	\$ 384,507	\$ 277,966	\$ 169,212	\$ 57,141

REVENUE APPRECIATION

Based on trends in the market we believe prices to be stabilized and should follow normal inflationary trends in the near future with price increases of 6% per annum as discussed earlier.

ABSORPTION PROJECTIONS AND GROSS REVENUE										
Annual Analysis										
Type	Lots	1	2	3	4	5	6	7	8	9
Absorption Ph 1 & 2	515	130	133	135	117	-	-	-	-	515
Absorption Ph 3, 4 & 5	733	-	-	-	-	140	143	146	149	735
Total Absorption	---	130	133	135	117	140	143	146	149	1,250
Revenue Per Lot										
Type	Lots	1	2	3	4	5	6	7	8	9
Absorption Ph 1 & 2	515	130	133	135	117	-	-	-	-	-
Price/Lot	\$60,874	\$60,874	\$64,526	\$68,398	\$72,502	\$76,852	\$81,463	\$86,351	\$91,532	\$97,024
Aggregate Revenue		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$0	\$0	\$0	\$0	\$0
Aggregate Revenue		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849
Absorption Ph 3, 4 & 5	733	-	-	-	-	140	143	146	149	155
Price/Lot	\$62,971	\$62,971	\$66,750	\$70,755	\$75,000	\$79,500	\$84,270	\$89,326	\$94,686	\$100,367
Aggregate Revenue		\$0	\$0	\$0	\$0	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849
Aggregate Revenue		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849
Total Aggregate Revenue		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849

PROFIT

Typically, developer’s profit is accounted for in the overall discount rate selection, which is usual market practice and similar to the Korpacz market rate reporting. The discount rates referred to later as per most studies, includes developers profit as well as risk of capital.

DISCOUNT RATE

Based upon the projected sell-out period, the current status of the subject’s entitlements and estimated risk in the remaining land development process, an appropriate discount rate must be selected in arriving at an “as complete” discounted value. In estimating an “as complete” value, the appraiser would project a sell-out period for the bulk parcel at an appropriate market supported absorption rate. Based on the limited amount of risk involved in sellout of finished lots, an appropriate discount rate below what would be used for subdivision development would be employed. Thus, a market supported discount rate would be applied to the net cash flows in arriving at an “as complete” value. Typically, an “all in” discount rate, which includes developer profit, would be utilized in discounting the net cash flows in arriving at an “as complete” value. In addition, the appraisers have reviewed Korpacz and Realty Rate surveys regarding discounts rates (free

and clear) for subdivision and development properties. It should be noted the Korpacz is primarily focused on discount rates for residential land development, prior to development.

DISCOUNT RATES (IRRS)

Subdivision Discount Rates SFR FREE and CLEAR

	Korpacz 4 th Quarter 2020	Realty Rates 4 th Quarter 2020
Range	10.0% - 25.0%	13.56% – 27.95%
Average	15.6%	20.34%

Note: Rate on unleveraged, all-cash transactions; including developer's profit

The most recent PWC Korpacz survey with subdivision rates (2ndQ 2020) listed free and clear discount rates for proposed subdivision developments (development land) warranting on site infrastructure, ranging from a low of 10% to a high of 25% with an average of 15.6%. The 4thQ 2020 RealtyRates Developer Survey indicates discount rates for proposed Site built residential subdivisions from 100 to 500 lots to be in the 13.56% to 27.95% range and average 20.34%. The Korpacz and the RealtyRates Surveys are for development land and include development risk (timing, financing, etc.). Discount rates for projects that have entitlements and lot contracts with proven builders, like the subject, are typically at the lower end of the range of the above noted rates. Discount rates for longer projections are typically slightly higher than those with very short sellout projections.

The greatest risk for development is when a property is in the raw land stage. As the development progresses through the different stages, the risk is reduced. For this assignment, the subject Phase I is 100% complete and Phase II is 30% complete. The analysis partially completed lot development with no current sales history from ongoing development, however, some of the lots in Phases I and II are under contract to Continental Homes with other contracts expected which lessens the risk factor somewhat. Additionally, all of the lots and land are within a growing development. The subject lots and land will all be under contract to experienced area homebuilders. Additionally, new home growth in the greater Austin/Georgetown Metropolitan Area is currently projected to continue to grow over previous years according to home builders and developers, indicate continued and stable demand, for the middle income home product, and limited "on ground" available inventory, increasing demand for developed lots over the past several years. Therefore, we have considered a range of discount rates at the middle to lower end to below the range of rates reflected by the above rates related to similar proposed developments (i.e. undeveloped land proposed for subdivision development) would be employed by potential investors.

A rate has been selected after considering the subject property with 515 proposed lots in Phases I and II with a 4-year sellout; and the 733 proposed lots in Phases III, IV and V with a 9-year sellout projection. Manor Heights is a new good quality, middle income residential subdivision. A discount rate of 15.0% to 18.0% say 16.5% (including both developers profit and cost of capital) has been selected). For Phases I and II, a slightly lower discount rate (1.5% lower) is used as these lots are contracted.

Discount Rate and Risk Comparisons		
Factor	Characteristic	Risk Rating
Property Location		
Regionally	Austin/Georgetown MSA	Low
Locally	City of Manor	Low
Property Type Supply/Demand		
Nationally	Stable at historical low levels	Medium
State	Year over year growth at historically low levels, but most areas exceed the national trend.	Medium
Local	New Home construction	Low to Medium
Property Status	New phase of development	Medium
Build Out Timeline (Years)	Phases III, IV and V - 2 years	Low
Pending Sales	Yes	Low
Household Income	Middle	Medium to High
Proposed Home Pricing	At the mid range of the competitive market	Medium
Overall Risk Rating		Medium Low
Applicable Discount Rate Range		15.00% to 18.00%

INCOME APPROACH VALUE CONCLUSIONS

The appraisers have employed the Excel spreadsheet program. It should be noted that the cash flow is discounted annually. A spreadsheet showing our assumptions and calculations are located on the following page.

Based on our discounted cash flow, utilizing an appropriate discount rate, the indicated "As if Complete" value of the **Subject property 515 proposed single family lots in Phases I and II** as if complete as of the current appraisal date of, March 1, 2021, is **\$22,010,000**.

Phases I and II - "As Complete" Market Value			
Low to High Survey Rate Increments	Net Present Value	NPVRounded	NPV Per Lot
13.50%	\$22,713,025	\$22,715,000	\$44,107
14.30%	\$22,334,310	\$22,335,000	\$43,369
15.00%	\$22,011,296	\$22,010,000	\$42,738
15.80%	\$21,651,368	\$21,650,000	\$42,039
16.50%	\$21,344,250	\$21,345,000	\$41,447
Concluded Market Value by the Income Approach		\$22,010,000	

Lot Sellout - Phases I and II						
Discounted Cash Flow Analysis						
Year		1	2	3	4	Total
Subtotal Finished Lots		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$34,211,973
Gross Revenue (Inflated)		\$7,913,592	\$8,581,986	\$9,233,701	\$8,482,693	\$34,211,973
Expenses, Cost of Sales						
Commission/Closing Costs	-2.5%	-\$197,840	-\$214,550	-\$230,843	-\$212,067	-\$855,299
Marketing	-2.0%	-\$158,272	-\$171,640	-\$184,674	-\$169,654	-\$684,239
Administrative	-2.5%	-\$197,840	-\$214,550	-\$230,843	-\$212,067	-\$855,299
Property Tax		-\$331,789	-\$234,833	-\$136,034	-\$43,133	-\$745,788
Total Expenses		-\$885,741	-\$835,572	-\$782,393	-\$636,921	-\$3,140,626
Net Cash Flow		\$7,027,852	\$7,746,414	\$8,451,309	\$7,845,772	\$31,071,347
Present Value Factor	15.0%	0.86957	0.75614	0.65752	0.57175	
Present Value		\$6,111,175	\$5,857,402	\$5,556,873	\$4,485,846	\$22,011,296

It is noted that the projected development cost of Phases III, IV and V, is inflated to Year 5 for use in the Phases III, IV and V DCF. The indicated "as is" market value of the subject property entitled 285.67 acres with 733 proposed lots in Phases III, IV and V as of March 1, 2021 is \$8,775,000.

Phases III, IV and V - "As Is" Market Value			
Low to High Survey Rate Increments	Net Present Value	NPVRounded	NPV Per Lot
15.00%	\$9,907,556	\$9,910,000	\$13,520
15.80%	\$9,286,862	\$9,285,000	\$12,667
16.50%	\$8,776,846	\$8,775,000	\$11,971
17.30%	\$8,229,263	\$8,230,000	\$11,228
18.00%	\$7,779,046	\$7,780,000	\$10,614
Concluded Market Value by the Income Approach		\$8,775,000	

Lot Sellout - Phases III, IV and V										
Discounted Cash Flow Analysis										
Year	1	2	3	4	5	6	7	8	9	Total
Subtotal Finished Lots	\$0	\$0	\$0	\$0	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849	\$65,887,188
Gross Revenue (Inflated)	\$0	\$0	\$0	\$0	\$11,129,983	\$12,050,592	\$13,041,605	\$14,108,159	\$15,556,849	\$65,887,188
Expenses, Cost of Sales										
Development Cost	\$0	\$0	\$0	\$0	-\$25,028,727	\$0	\$0	\$0	\$0	-\$25,028,727
Commission/Closing Costs	-2.5%	\$0	\$0	\$0	-\$278,250	-\$301,265	-\$326,040	-\$352,704	-\$388,921	-\$1,647,180
Marketing	-2.0%	\$0	\$0	\$0	-\$222,600	-\$241,012	-\$260,832	-\$282,163	-\$311,137	-\$1,317,744
Administrative	-2.5%	\$0	\$0	\$0	-\$278,250	-\$301,265	-\$326,040	-\$352,704	-\$388,921	-\$1,647,180
Property Tax		-\$5,671	-\$5,671	-\$5,671	-\$5,671	-\$488,836	-\$384,507	-\$277,966	-\$169,212	-\$1,400,348
Total Expenses		-\$5,671	-\$5,671	-\$5,671	-\$5,671	-\$26,296,662	-\$1,228,048	-\$1,190,878	-\$1,156,784	-\$1,146,121
Net Cash Flow		-\$5,671	-\$5,671	-\$5,671	-\$5,671	-\$15,166,679	\$10,822,544	\$11,850,727	\$12,951,375	\$14,410,728
Present Value Factor	16.5%	0.85837	0.73680	0.63244	0.54287	0.46598	0.39999	0.34334	0.29471	0.25297
Present Value		-\$4,868	-\$4,179	-\$3,587	-\$3,079	-\$7,067,419	\$4,328,862	\$4,068,774	\$3,816,880	\$3,645,462

RECONCILIATION

The subject property includes 4 tracts of vacant commercial land, 3 tracts of vacant mixed use/medium density residential land, 515 complete and partially complete lots in Phases I and II and 285.67 acres of vacant land entitled for development with 733 future residential lots to become Phases III, IV and V, all in Manor Heights Subdivision, in the City of Manor, Travis County, Texas. The appraisal has been completed utilizing the Sales Comparison Approach to estimate the land value of the subject vacant land tracts, and the individual lot values; and the Income Capitalization and Cost Approaches to indicate the value of the complete and partially complete single family residential lots, in Phases I and II "as-if complete". The comparable land and lot sales are judged to closely bracket the appraised property and are adequate in supporting absorption projections. Demographic analysis was also utilized in support as well as market indications.

The final market value conclusion for the vacant land "as is" is based primarily upon the land grid and analysis for the subject vacant land and the discounted cash flow analysis for the proposed lots. While the Cost Approach is completed regarding the proposed lots, due to development timing, greatest emphasis is applied the Income Approach.

The concluded "As Is" and "As Complete" values of the subject vacant land, vacant entitled land, and proposed single family lots are outlined as follows. *It is noted that the "As Is" value of the Residential Land Phases I and II, including completed and partially completed lots, is included within the value of the 515 lots "As if Complete" and cannot be combined.*

MARKET VALUE CONCLUSION				
Property Description	Size (Ac)	Appraisal Premise	Value Conclusion	\$/Unit
Residential Land - Phase I-Proposed 264 SFR lots	127.37	"As Is"	\$12,265,000	\$96,294 /Ac
Residential Land - Phase II-Proposed 251 SFR lots	92.16	"As Is"	\$5,155,000	\$55,935 /Ac
515 Single Family Lots Phases I & II	219.53	"As if Complete"	\$22,500,000	\$43,689 /Lot
Medium Density Residential	11.85	"As Is"	\$2,605,000	\$5.05 /SF
Medium Density/Neighborhood Bus	1.62	"As Is"	\$325,000	\$4.60 /SF
Commercial/Retail	4.28	"As Is"	\$765,000	\$4.10 /SF
RHOF Commercial	19.9	"As Is"	\$2,730,000	\$3.15 /SF
RHOF Floodplain	23.479	"As Is"	\$1,535,000	\$1.50 /SF
PUD Medium Density Residential	13.44	"As Is"	\$2,955,000	\$5.05 /SF
Future Med. Density Residential	19.96	"As Is"	\$4,085,000	\$4.70 /SF
Neighborhood Business	2.49	"As Is"	\$470,000	\$4.70 /SF
Vacant Entitled Residential Land - 733 Proposed Single Family Lots, Phases III, IV & V	285.67	"As Is"	\$8,775,000	\$30,717 /Ac

CERTIFICATION

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. Franklin L. Flato, MAI and Ted A. Moore, MAI, have both made a personal inspection of this property on March 1, 2021. No one provided significant real property appraisal assistance to the persons signing this certification.
9. The appraisers performed previous appraisal services on the subject property in the form of a market value appraisal dated March 27, 2020. No other appraisal services, as an appraiser or in any other capacity, regarding the subject property have been performed within the three-year period immediately preceding the date of acceptance of this assignment.
10. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Franklin L. Flato, MAI and Ted A. Moore, MAI, have both completed the continuing education program of the Appraisal Institute.
13. Franklin L. Flato, MAI and Ted A. Moore, MAI, both have extensive experience in the appraisal of similar properties and is licensed by the State of Texas.

FLATO REALTY ADVISORS, LLC

Franklin L. Flato, MAI
President
Certified General Real Estate Appraiser
Texas – TX-1321148-G; Exp. June 30, 2021
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ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. Flato Realty Advisors, LLC is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. However, Flato Realty Advisors, LLC has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. Flato Realty Advisors, LLC professionals are not engineers and are not competent to judge matters of an engineering nature. Flato Realty Advisors, LLC has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of Flato Realty Advisors, LLC by ownership or management; Flato Realty Advisors, LLC inspected less than 100% of the entire interior and exterior portions of the improvements; and Flato Realty Advisors, LLC was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, Flato Realty Advisors, LLC reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. Flato Realty Advisors, LLC has no knowledge of the existence of such materials on or in the property. Flato Realty Advisors, LLC, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The Client is urged to retain an expert in this field, if desired.

Flato Realty Advisors, LLC has inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to Flato Realty Advisors, LLC. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the Client, property owner, owner's representative, or persons designated by the Client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, Flato Realty Advisors, LLC has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, Flato Realty Advisors, LLC reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the Client should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify Flato Realty Advisors, LLC of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the appraisal. However, Flato Realty Advisors, LLC will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. Flato Realty Advisors, LLC assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. Flato Realty Advisors, LLC is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure time, promotional effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. Flato Realty Advisors, LLC does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of Flato Realty Advisors, LLC.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Flato Realty Advisors, LLC to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or

administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

14. This study may not be duplicated in whole or in part without the specific written consent of Flato Realty Advisors, LLC nor may this report or copies hereof be transmitted to third parties without said consent, which consent Flato Realty Advisors, LLC reserves the right to deny. Exempt from this restriction is duplication for the internal use of the Client-addressee and/or transmission to attorneys, accountants, or advisors of the Client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of Flato Realty Advisors, LLC which consent Flato Realty Advisors, LLC reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. Flato Realty Advisors, LLC shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to Flato Realty Advisors, LLC unless otherwise stated within the body of this report. If the consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. Flato Realty Advisors, LLC assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or Client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor Flato Realty Advisors, LLC assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. Flato Realty Advisors, LLC assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, Flato Realty Advisors, LLC has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since Flato Realty Advisors, LLC has no specific information relating to this issue, nor is Flato Realty Advisors, LLC qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
25. The report is for the sole use of the Client; however, Client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by Flato Realty Advisors, LLC or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
26. Provision of an Insurable Value by the appraiser does not change the intended use or user of the appraisal. The appraiser assumes no liability for the Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of the replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to the changing building codes and governmental regulations and requirements.

DEFINITIONS

The following definitions are derived from The Dictionary of Real Estate Appraisal, Sixth Edition, published by the Appraisal Institute.

- **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- **Absorption Rate:** Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time.
- **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)
- **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- **Cash Equivalency:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.
- **Confidential Information:** Information that is either: identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or classified as confidential or private by applicable law or regulation.
- **Contract Rent:** The actual rental income specified in a lease.
- **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider their best interests; 7) An adequate marketing effort will be made during the exposure time; 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.
- **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.
- **Exposure Time:** 1) The time a property remains on the market; 2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2020-2021 ed)
- **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP 2020-2021 ed.)
- **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- **Frictional Vacancy:** The amount of vacant space need in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- **Full Service Lease:** See gross lease.

- **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- **Going Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed *the market value of the going concern* or *market value of the total assets of the business*.
- **Gross Building Area (GBA):** 1) The total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved; 2) Gross leasable area plus all common areas.
- **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- **Hypothetical Condition:** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- **Investment Value:** The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
- **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties.
- **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- **Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider to be their best interests; 7) A normal marketing effort is not possible due to the brief exposure time; 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- **Market Value:** See body of report for market value definition used in this appraisal.
- **Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation addresses the application and determination of reasonable exposure and marketing time.)
- **Net Lease:** A lease in which the landlord passes on all expenses to the tenant.
- **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.

- **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied; 2) The ratio of occupied space to total rentable space in the building.
- **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or stabilized level of long-term occupancy.
- **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which rent is based; calculated according to local practice.
- **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion.
- **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- **Surplus Land:** Land that is not currently needed to support the existing improvements but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.
- **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to re-lease the space is considered.
- **Usable Area:** 1) For office buildings, the actual occupied area of a floor or an office space; computed by measuring from the finished surface or the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- **Value Indication:** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.
- **Value In Use:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of appraisal. Value in use may or may not be equal to market value but is different conceptually.



QUALIFICATIONS OF FRANKLIN L. FLATO, MAI

CAREER SUMMARY

Franklin L. Flato, MAI, founder and president of Flato Realty Advisors, LLC, a commercial real estate appraisal firm active in South Texas and Mexico, since 2012. Prior to founding Flato Realty Advisors, LLC, Mr. Flato served as Vice President – Senior Appraiser, directing the San Antonio office of Grubb & Ellis Landauer, from 2010 through 2012, Senior commercial appraiser at Dugger, Canaday, Grafe, Inc., a San Antonio based appraisal firm, from 1988 through 2010, and Leasing Director for Flato Realty Investments, Inc. from 1986 through 1988. Experience includes legal/court testimony, right-of-way valuation, investment counseling, traditional commercial real estate appraisal, etc.

Mr. Flato has analyzed properties including retail (single tenant, pad site, ground lease, retail centers to regional malls), office buildings (single tenant garden to high rise multi-tenant, call centers, corporate headquarters), industrial properties (warehouse, manufacturing plants, special purpose, maquiladora plants), vacant development tracts, mixed use developments, commercial sites, rural land, ranches, farms, apartment complexes, residential and commercial subdivisions, aircraft related buildings, automobile dealerships, hotels, recreational theme parks, golf courses and country clubs, marinas, etc. on an "as-is" and prospective "as-proposed" basis.

Assignments completed in Texas, Louisiana, Florida, Oklahoma, New Mexico, Colorado, New Jersey, Pennsylvania, Puerto Rico, Honduras and the Republic of Mexico (states of Tamaulipas, Jalisco, Nayarit, Sinaloa, Sonora, Baja California, Baja California Sur, Puebla, Guanajuato, Veracruz, Nuevo Leon, Guerrero, Morelia, Queretaro, Coahuila, San Luis Potosi, Chihuahua, Colima, Quintana Roo, Distrito Federal, and the State of Mexico). He has also qualified as an expert witness in Bexar, San Patricio, Webb, Live Oak, Travis, Goliad, Nueces, Reeves, Harris, Hidalgo and Cameron Counties of Texas and has lectured and been on speaker panels at national and local Appraisal Institute meetings and Right-of-Way functions in San Antonio, Texas, Chicago, Illinois, Cancun, Mexico and Madrid, Spain.

Mr. Flato is fluent in Spanish and has extensive contacts in Mexico and Latin America. Assignments in Mexico include complex retail and mixed use developments, industrial portfolios in most major cities, manufacturing plants including major automobile parts suppliers, resort properties, subdivisions, ranches and rural properties, etc., for international and local clients including major banks, investment firms, developers, etc. Over 100 properties appraised in 2013/2014 and typically 12 to 20 properties per year in Mexico.

PROFESSIONAL DESIGNATIONS/STATE & REGULATORY LICENSURE

- MAI Designation – Appraisal Institute, Certificate No. 11792
- Texas – State Certified General Real Estate Appraiser, License No. 1321148-G
- Colorado – State Certified General Appraiser; License No. CG200001416
- Georgia – State Certified General Real Property Appraiser; License No. 405356

PROFESSIONAL AFFILIATIONS

- Treasurer, Union of Pan American Valuation Associations (UPAV; 2010-2012)
- Chief Delegate to Mexico, Appraisal Institute (2009)
- Member, Free Trade Alliance (2009)
- President, South Texas Chapter of the Appraisal Institute (2008)
- Ambassador to Mexico, Appraisal Institute (2004-2008)
- Director to Past President, South Texas Chapter of the Appraisal Institute (2001-2009)

EDUCATION

Courses and seminars – Appraisal Institute, International Council of Shopping Centers (ICSC); BBA in Real Estate and Urban Land Development at the University of Texas at Austin; certified under the Appraisal Institute's voluntary program of continuing education for designated members of the Appraisal Institute.



QUALIFICATIONS OF TED A. MOORE, MAI

APPRAISAL EXPERIENCE

Worked on routine and complex assignments throughout the State of Texas with several firms. Extensive experience in land, subdivisions, multi-family, hotel, office, industrial warehouses/manufacturing, office, retail, special purpose, etc. Experience includes appraising under various categories including assistant, primary appraiser, supervisor and review appraiser. Clients have included financial institutions, city, county and state government, law firms, investors, etc.

STATE & REGULATORY LICENSURE

MAI Designation – Appraisal Institute, Certificate No. 7739

Texas – State Certified General Real Estate Appraiser, License No. 1320476-G

EDUCATION

1978 - 1979 **Baylor University: M.B.A.**

Focus on finance, business management and economics. Completed term project for degree on the projected startup and operation of a nursing home/retirement center.

1976 - 1978 **Baylor University: B.B.A.**

Completed double major in marketing and real estate.

EMPLOYMENT HISTORY

Since 07/12 **Flato Realty Advisors**
Commercial Real Estate Appraiser/Analyst

Since 04/07 **Heart To Heart Homecare**
Owner/CEO

06/97 - 04/07 **Long Term Care**
Administrator, served as Administrator in several communities

1995 - 1997 **Aegis Group**
Commercial Real Estate Appraiser

1987 - 1995 **Ted A. Moore & Associates**
Owner/Appraiser

1985 - 1987 **Cushman & Wakefield**
Commercial Real Estate Appraiser

1984 - 1985 **Love & Dugger**
Commercial Real Estate Appraiser



Certified General Real Estate Appraiser

Appraiser: **Franklin Lockard Flato**

License #: **TX 1321148 G**

License Expires: **06/30/2021**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Douglas E. Oldmixon
Commissioner



Certified General Real Estate Appraiser

Appraiser: **Ted Alan Moore**

License #: **TX 1320476 G**

License Expires: **01/31/2023**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Chelsea Buchholtz
Commissioner



8918 Tesoro Drive, Suite 405 | San Antonio, Texas 78217
Phone: 210-446-3825 | Web: www.flatorealtyadvisors.com

December 3, 2020

Mr. Thomas M. Bolt
City Manager, City of Manor
105 E. Eggleston Street
Manor, Texas 78653

RE: Market Value Appraisal
Manor Heights Public Improvement District, Manor, Travis County, Texas

Dear Mr. Bolt,

Thank you for the opportunity to provide a market value appraisal of the above noted property. Flato Realty Advisors, LLC., will complete a market value appraisal to include market value of the Manor Heights PID including Phases 1 and 2 as completed lots and Phases 3, 4 and 5 as "paper" lots, including the completed and proposed offsite improvements, as individually and as if to one purchaser. Our firm has completed a significant number of appraisals of both "as-is" and "prospective" lots and developments in the region over the past number of years. Additionally, this project was appraised by our firm in early 2020.

The analysis and report provided will meet the requirements of the Uniform Standards of Professional Practice of the Appraisal Foundation and Code of Ethics of the Appraisal Institute. The scope of work will consist of a physical property inspection, perusal of documents provided, confirmation of comparable improved and land sales and listings, research and confirmation, market analysis, valuation analysis, and preparation of the (1) value conclusions and (2) valuation report.

It is understood that the purpose of the appraisal is to be for inclusion in an offering document which will be distributed for the purpose of issuing municipal bonds. Flato Realty Advisors, LLC consents to execute necessary certificates in connection therewith (i.e. letter of representation). It is understood that the developer will provide evidence of sufficient funds to complete the improvements contemplated in the appraisal, on hand at the time of bond closing.

Our fee for the market value appraisal, presented as a real estate appraisal report, will be \$7,000 payable as 50% upon engagement and the balance upon completion of the assignment and delivery of the report. Additional work after completion of the report for, but not limited to, research, preparation for court testimony, or court testimony, will be billed at the rate of \$250 per hour. The report can be completed within three weeks of receipt of the executed engagement letter, assuming no material changes to the proposed development. We are in touch with the developer regarding information regarding the project.

If this proposal is acceptable, please sign and date a copy of this letter and return it. Thank you for the opportunity to be considered for this assignment. We will begin work upon receipt of this executed engagement and retainer. Thank you for consideration of our firm in this important assignment.

Signed,

A handwritten signature in blue ink, appearing to read 'FLATO', is written over a horizontal line.

Franklin L. Flato, MAI
President
Flato Realty Advisors, LLC

Signed

A handwritten signature in blue ink, appearing to read 'Thomas M. Bolt', is written over a horizontal line.

Mr. Thomas M. Bolt
City Manager
City of Manor



8918 Tesoro Drive, Suite 405 | San Antonio, Texas 78217
Phone: 210-446-3825 | Web: www.flatorealtyadvisors.com

Mutual Limitation of Liability: Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of Appraiser's services under this Agreement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate or joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the total fees and costs charged by the Appraiser for the services that are subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence, or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "*Contract*") is made and entered into by and between **Forestar (USA) Real Estate Group Inc.**, a Delaware corporation ("*Seller*") and **Continental Homes of Texas, L.P.**, a Texas limited partnership ("*Buyer*"). For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and of the premises, undertakings, and mutual covenants of the Parties set forth in this Contract, Seller and Buyer agree to the terms and conditions of this Contract and covenant and agree as follows:

ARTICLE I SALE AND PURCHASE OF PROPERTY

1.01. **Agreement of Sale and Purchase.** Seller hereby agrees to sell and convey unto Buyer, and Buyer hereby agrees to purchase and take from Seller, one hundred eighty (180) single-family lots of land (the "*Lots*") situated in MANOR HEIGHTS SOUTH PHASE 1 SECTION 1 (as such subdivision may be hereinafter enlarged by Seller acquiring additional tract(s) of contiguous or adjacent land for residential lot development purposes, the "*Subdivision*"), in the City of Manor, Travis County, Texas, said Lots being more particularly described and/or depicted in Exhibit "A" attached hereto and incorporated herein by this reference for all purposes, together with all improvements thereon and all and singular rights and appurtenances pertaining thereto, including, but not limited to, all right, title, and interest of Seller in and to: (i) adjacent streets, alleys, easements, and rights-of-way; (ii) utility service commitments, rights, allocations, taps, and connections; living unit equivalents; impervious cover rights allocated to each Lot; rights to receive or install water, wastewater, electricity, gas, telephone, telecommunications (including cable television and broadband, internet, and T-1, ISDN, and DSL lines, access to wireless networks, etc.), drainage, or other utilities or services; and the right to use any and all easements which are necessary for the construction and installation of any such utilities and of homes on the Lots (all of such real property, rights, and appurtenances are sometimes referred to collectively as the "*Property*"). The larger development community of which the Property is a part, including all existing, planned, and future sections, units and phases, is called and referred to herein as the "*Project*".

1.02. **Purchase Price.** Seller shall sell, and Buyer shall purchase, the Lots for SIXTY-TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$62,500.00) per Lot having a designated fifty percent (50%) impervious cover limit under Applicable Laws, and SIXTY THOUSAND AND NO/100 DOLLARS (\$60,000.00) per Lot having a designated forty percent (40%) impervious cover limit under Applicable Laws (each, the "*Basic Price*"). In addition to the Basic Price, Buyer agrees to pay on each Lot purchased after the date of the Initial Closing (as defined below) an amount calculated on the Basic Price, from and after the date of the Initial Closing, to the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%) (the "*Additional Consideration*"). At the Closing of the sale and purchase of each Lot purchased after the date of the Initial Closing, Buyer shall pay to Seller the Additional Consideration which has accrued on each Lot to be purchased at such Closing. The Additional Consideration on unpurchased Lots shall continue to accrue on the Basic Price only until Closing on those Lots. The total of the Basic Price and the Additional Consideration accrued on the Basic Price is hereinafter referred to as the "*Purchase Price*".

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(a) Purchase Price Protection. Notwithstanding anything to the contrary contained in this Contract, should Seller or any affiliate of Seller offer for sale (or sell) lots in the same phase of the Subdivision as the Lots at a price less than the applicable Purchase Price payable by Buyer for each Lot hereunder, or upon other terms more favorable than those set forth in this Contract, then Seller agrees that the Purchase Price recited herein shall automatically and immediately reduce to the lowest price at which Seller or such affiliate is offering for sale (or selling) lots of such size in the same phase of the Subdivision and, if applicable, this Contract shall automatically and immediately be reformed and amended to contain the more favorable terms upon which Seller or such affiliate is offering (or selling) lots unless Buyer elects in writing not to so reform and amend this Contract following its receipt of written notice from Seller informing Buyer of such terms. Any such amendment to the Purchase Price or other Contract terms will not be applicable to Lots previously closed. Should Seller offer (or sell) lots in the same phase of the Subdivision as the Lots at a price higher than the Purchase Price or upon less favorable terms, there shall be no adjustment.

1.03. Independent Consideration and Earnest Money.

(a) Independent Consideration. In consideration of Seller's execution of this Contract and for the right to purchase the Lots granted by Seller to Buyer, Buyer shall, within three (3) Business Days after the Effective Date, deliver to Seller the sum of One Hundred and No/100 Dollars (\$100.00) in cash (the "*Independent Consideration*"). The Independent Consideration shall be, under all circumstances, nonrefundable to Buyer.

(b) Earnest Money Note. Upon the expiration of the Feasibility Period, Buyer shall deposit with the Title Company the sum of ten percent (10%) of the Purchase Price (the "*Earnest Money*"). This Earnest Money shall be in the form of a corporate note in the form attached hereto as Exhibit "E" (the "*Earnest Money Note*"). If this Contract is terminated prior to the Closing of all of the Lots, then the Earnest Money then on deposit shall be delivered to Seller or returned to Buyer by the Title Company, as elsewhere provided herein. At each Closing, the then outstanding balance of the Earnest Money Note shall be deemed reduced on a pro rata basis for each Lot purchased and closed by Buyer pursuant to this Contract. Buyer may, from time to time at its option, substitute a new corporate note in such reduced amount of the Earnest Money Note, and upon such substitution the prior Earnest Money Note shall be returned to Buyer marked "Cancelled". If the Earnest Money or any portion thereof is, or is converted to, cash, the Title Company shall deposit such cash in a federally-insured interest bearing account, or in such other investment as Buyer shall direct, and all interest or income thereon shall be paid to Buyer. If this Contract is not earlier terminated, the Title Company is hereby instructed to return the Earnest Money Note to Buyer at Closing of the last Lot.

(c) Additional Provisions – Earnest Money Note. Any provisions of this Contract which provide for the release of the Earnest Money to Seller shall be understood to mean that the Earnest Money Note will be released and delivered to Seller. Any provisions of this Contract which provide for the release of the Earnest Money to Buyer shall be understood to mean that the Earnest Money Note will be released and returned to Buyer. If any provision of this Contract provides for a partial release of Earnest Money or reduction in the amount of the Earnest Money Note, then Buyer may, from time to time at its option, substitute with the Title Company a new note in such reduced principal amount of the Earnest Money Note, and upon such substitution

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the prior Earnest Money Note shall be returned to Buyer marked "Cancelled". If any Earnest Money Note or any portion thereof is converted to cash, then the Title Company shall deposit such cash in a federally-insured account, or in such other investment as Buyer shall direct. If and only if requested by Buyer, the Earnest Money which is cash will be placed in an interest bearing account, and all interest or income thereon shall be paid to Buyer.

(d) Failure to Deposit. If Buyer fails to deposit the Earnest Money as required herein, and if such failure continues for a period of ten (10) days after written notice from Seller, then either Party may terminate this Contract by written notice to the other at any time prior to the deposit of the Earnest Money. If this Contract is so terminated, then this Contract shall be deemed to have terminated as of the date that the Earnest Money was originally to have been deposited by Buyer, and there shall be no remedy hereunder to either Seller or Buyer other than the termination of this Contract.

1.04. Defined Terms. In addition to words and phrases defined elsewhere in this Contract, the following terms shall have the meanings set forth in this Section 1.04:

(a) 100-Year Flood Plain. The term "*100-Year Flood Plain*" means any Special Flood Hazard Zone, as defined in the National Flood Insurance Program of the Federal Emergency Management Agency, or by any other Federal, State or local Governmental Authorities with jurisdiction over the applicable property.

(b) Applicable Law. The term "*Applicable Law*" means any city, county, state, federal, or other governmental regulation, ordinance, law, code, or statute, including any zoning ordinance or use restriction or any administrative, executive, or judicial orders, decrees, or determinations which govern, regulate, control, or otherwise apply to the use of the Property, Seller or Buyer, to Seller's development of the Lots, or to the interpretation and enforcement of this Contract, including without limitation all Environmental Laws.

(c) Business Days. The term "*Business Days*" means any day which is not a Saturday, Sunday, or a legal banking holiday.

(d) City. The term "*City*" means the City of Manor, Texas.

(e) Common Area Improvements. The term "*Common Area Improvements*" means all fencing, screening, entryway improvements (including all associated landscaping and irrigation), sidewalks, signage, park and recreation areas, mail kiosks, and amenities for the Subdivision (or, if applicable, for the development community in which the Subdivision is situated).

(f) Common Area Plans. The term "*Common Area Plans*" means the plans for the construction of the Common Area Improvements.

(g) County. The term "*County*" means the County of Travis, Texas.

(h) Effective Date. The term "*Effective Date*" means the later of the following dates: (i) the date of Seller's signature; (ii) the date of Buyer's execution by its local officers (Buyer's Local Execution Date); or (iii) the date of Buyer's Corporate Approval.

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(i) Environmental Laws. The term “*Environmental Laws*” means any local, state, or Federal law, rule or regulation pertaining to environmental regulation, contamination, clean-up or disclosure, including, without limitation each of the following, as the same may be amended from time to time: (i) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 *et seq.*), as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984 (“*RCRA*”), and regulations promulgated thereunder; (ii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 *et seq.*), as amended by the Superfund Amendments and Reauthorization Act of 1986 (“*CERCLA*”), and regulations promulgated thereunder; (iii) the Toxic Substances Control Act (15 U.S.C. §2601 *et seq.*); (iv) the Endangered Species Act (15 U.S.C. §1531 *et seq.*); (v) laws, statutes, ordinances, rules, regulations, orders, or determinations relating to “wetlands”, including without limitation those set forth in the Clean Water Act (33 U.S.C. § 1251 *et seq.*); (vi) the Texas Water Code; and (vii) the Texas Solid Waste Disposal Act (TEX. HEALTH & SAFETY CODE ANN. §§361.001-361.345).

(j) INTENTIONALLY DELETED.

(k) Governmental Authorities. The term “*Governmental Authorities*” means: the United States, the State, the County and City (if any) in which the Lots are located or otherwise having jurisdiction over the Property, Seller, and Seller’s development of the Lots; any municipal utility district, water control and improvement district, or similar taxing authority in which the Lots are located or otherwise having jurisdiction over the Property, Seller, and Seller’s development of the Lots; and any agency, authority, department, commission, board, or bureau or instrumentality of any of the foregoing, including without limitation the Federal Housing Administration (“*FHA*”), the Department of Veterans Affairs, the Army Corps of Engineers, the Federal Emergency Management Agency, the Environmental Protection Agency, and the Texas Commission on Environmental Quality.

(l) Hazardous Substances. The term “*Hazardous Substances*” means (i) any “hazardous waste” as defined by RCRA, and regulations promulgated thereunder; (ii) any “hazardous substance” as defined by CERCLA, and regulations promulgated thereunder; (iii) any toxic substance as defined under or regulated by the Toxic Substances Control Act; (iv) asbestos, polychlorinated biphenyls, radon, or explosive or radioactive materials; (v) underground and above ground storage tanks, whether empty, filled or partially filled with any substance, including without limitation any petroleum product or any other “hazardous substance”; (vi) any substance the presence of which on the Property is prohibited by any Environmental Laws; and (vii) any other substance which by any Environmental Laws requires special handling or notification of any Governmental Authority in its collection, storage, treatment, or disposal.

(m) HOA. The term “*HOA*” means the homeowners or property owners association or community association for the Subdivision established or to be established pursuant to the Restrictive Covenants.

(n) HOA Documents. The term “*HOA Documents*” means the Restrictive Covenants, any architectural or design requirements or guidelines promulgated pursuant to the Restrictive Covenants, and the articles of incorporation or certificate of formation, bylaws, and

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management certificate for the HOA, together with any other rules or regulations promulgated pursuant to any of the foregoing.

(o) HOA Dues. The term "*HOA Dues*" means any homeowners association dues or other similar dues and assessments payable under the Restrictive Covenants or any other applicable declaration of restrictive covenants or deed restrictions encumbering the Lots (or any of them).

(p) HOA Transfer Fees. The term "*HOA Transfer Fees*" means any transfer fees, HOA sale or resale certificate fees (or any similar statement), and other similar charges and fees required to be paid to the HOA and/or the property management company upon the transfer of land in the Subdivision.

(q) Legal Requirements. The term "*Legal Requirements*" means any and all covenants, conditions, or restrictions applicable to any of the Property or the ownership, use or development thereof, and any and all contracts of any nature that relate in any way to any tract of the Property or which are binding upon Seller with respect to the Property.

(r) Local Execution Date. The term "*Local Execution Date*" means the later of (i) Seller's Local Execution Date, being the date on which this Contract is executed by Seller's local representative, as shown by Seller's signature below, or (ii) Buyer's Local Execution Date, being the date on which this Contract is executed by Buyer's local representatives, as shown by Buyer's signature below.

(s) Master Supply Agreement. The term "*Master Supply Agreement*" means the Master Supply Agreement dated June 29, 2017, between D.R. Horton, Inc., a Delaware corporation, as "Buyer", and Forestar Group, Inc., a Delaware corporation, as "Supplier", pertaining to the sourcing of lot development opportunities, and providing "Supplier" with a source of demand for lots and "Buyer" with a source of supply of lots.

(t) Parties. The term "*Parties*" means the parties to this Contract, Seller and Buyer, and each may be referred to as a "*Party*".

(u) Remaining Future Phases. The term "*Remaining Future Phases*" means all Future Phases except for any lots or land in Future Phases that, prior to Buyer's exercise of a purchase option granted to Buyer pursuant to Article XIV, Seller has entered into contract to sell to Buyer or another third party in accordance with Article XIV.

(v) Restrictive Covenants. The term "*Restrictive Covenants*" means the deed restrictions, restrictive covenants, and/or declaration of covenants, conditions, and restrictions which shall be placed against and encumber the Lots.

(w) State. The term "*State*" means the State of Texas.

(x) Substantial Completion. The terms "*Substantial Completion*" and "*Substantial Completion Requirements*" shall have the meanings given such terms in Section 6.01 below.

(y) Title Company. The term "*Title Company*" means DHI Title Agency, whose address is 10700 Pecan Park Blvd., Suite 130, Austin, Texas, 78750, Attn: Ms. Janet Lucas.

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ARTICLE II
SURVEY AND ABSTRACT OF TITLE

2.01. **Survey.** If any existing survey or subdivision plats are updated or revised during the term of this Contract, or if any new surveys or subdivision plats covering the Property and/or Subdivision are obtained by Seller during the term of this Contract, Seller shall promptly provide a copy thereof to Buyer.

2.02. **Delivery of Abstract of Title for Closings.** Within seven (7) Business Days after the Effective Date, and at least seven (7) Business Days prior to each Closing, Seller cause the Title Company to furnish to Seller and Buyer an abstract of title (each, the "*Abstract of Title*") covering all of the Lots to be purchased by Buyer at such Closing pursuant to this Contract in an amount equal to the total Purchase Price for such Lots, issued by the Title Company together with legible copies of all instruments reflected as exceptions therein, including, but not limited to, any easements, restrictions, reservations, terms, covenants, or conditions which may be applicable to or enforceable against any of the Lots. The Abstract of Title will show Seller to be owner of good and indefeasible fee simple title to the Property.

2.03. **Review Period.** Buyer shall have ten (10) Business Days (the "*Review Period*") after receipt of the Abstract of Title and legible copies of documents evidencing title exceptions, and the existing survey or any new surveys or subdivision plats covering the Property, in which to examine same and to deliver in writing to Seller such objections as Buyer may have to anything contained therein ("*Title Objections*"). Upon the expiration of the Review Period, Buyer shall be deemed to have accepted all exceptions to title to the Lots as shown on the Abstract of Title, except for the Title Objections. All matters on Abstract of Title are and shall be deemed to be Title Objections.

2.04. **Cure Period.** If Buyer gives Seller notice of Title Objections, then Seller may, but is not obligated to, undertake to eliminate or modify such objectionable items to the reasonable satisfaction of Buyer. Within ten (10) days after receipt of such notice of Title Objections, Seller shall provide written notice to Buyer whether Seller will cure, or refuse to cure, any such Title Objections. If Seller elects to cure any Title Objections, within fifteen (15) days of its notice to Buyer (the "*Cure Period*"), Seller will cause the Title Company to revise the Abstract of Title to reflect such satisfaction or to provide Buyer and the Title Company with satisfactory evidence that Seller can and will cure such Title Objections prior to Closing (such matters, "*Committed Cure Exceptions*"). With respect to any liens or security interests which are not Permitted Exceptions, Seller shall be obligated to cause such liens and security interests to be released of record; Buyer is not and shall not be obligated to agree to "insuring around" any lien.

(a) **Failure to Cure during Cure Period.** If Seller has not cured, or chooses not to cure, Buyer's Title Objections within the Cure Period or fails to provide satisfactory evidence with respect to Committed Cure Exceptions, Buyer may, at its option, and as Buyer's sole remedy, terminate this Contract as to all or any of the Lots by written notice to Seller at any time subsequent to the Cure Period; provided, however, if the uncured Title Objection or uncured Committed Cure Exception affects ten percent (10%) or less of the Lots then remaining under this Contract, then Buyer may only terminate this Contract with respect to the affected Lots. If this Contract is terminated as to all of the Lots then remaining under this Contract, then all of the Earnest Money

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shall be returned promptly to Buyer and if this Contract is terminated as to some but not all of the Lots, then a pro-rata portion of the Earnest Money shall be returned promptly to Buyer. Seller shall pay all costs, fees, and expenses payable to the Title Company, and neither Party shall thereafter have any further duties, rights or obligations hereunder with respect to any Lots as to which this Contract is terminated. If Buyer does not terminate this Contract, then Buyer shall be deemed to have accepted any uncured Title Objections (other than Committed Cure Exceptions) as Permitted Exceptions.

2.05. **Permitted Exceptions.** Any exceptions accepted by Buyer or to which Buyer does not timely object as required by Section 2.03 shall be hereafter collectively referred to as "*Permitted Exceptions*". Possession of and title to the applicable Lots shall be delivered at the Closings of such Lots free and clear of all matters except the Permitted Exceptions.

2.06. **Additional and/or Uncured Exceptions.** If at any time after expiration of the Review Period and prior to a Closing Buyer receives notice of or otherwise discovers that title to the Property or any Lot is subject to any additional exceptions to which Buyer objects ("*Additional Objections*"), then Buyer may notify Seller in writing of the Additional Objections within ten (10) days after Buyer receives notice of such Additional Objections, and Seller shall have fifteen (15) days thereafter (the "*Additional Cure Period*"), if Seller so elects, to undertake to eliminate or modify such objectionable items to the reasonable satisfaction of Buyer. Any exception to title which Buyer previously consented to or which is or has been deemed a Permitted Exception cannot be an Additional Objection.

(a) **Failure to Cure Prior to Closing.** If Seller fails to cure any Additional Objections prior to the end of the Additional Cure Period, or if Seller fails to cure Committed Cure Exceptions prior to Closing, then Buyer may, at its option, terminate this Contract as to all or any of the Lots by written notice to Seller delivered at any time subsequent to the Additional Cure Period, but prior to Closing; provided, however, if the uncured Additional Objection or the uncured Committed Cure Exception affects ten percent (10%) or less of the Lots then remaining under this Contract, then Buyer may only terminate this Contract with respect to the affected Lots. If this Contract is terminated as to all of the Lots then remaining under this Contract, then all of the Earnest Money shall be returned promptly to Buyer. If this Contract is terminated as to some but not all of the Lots, then a pro-rata portion of the Earnest Money shall be returned promptly to Buyer. Seller shall pay all costs, fees, and expenses payable to the Title Company, and neither Party shall thereafter have any further duties, rights or obligations hereunder with respect to any Lots as to which this Contract is terminated. If Buyer does not terminate this Contract, then Buyer shall be deemed to have accepted any uncured Additional Objections and uncured Committed Cure Exceptions as Permitted Exceptions.

ARTICLE III **FEASIBILITY PERIOD**

3.01. **Engineering and Feasibility Study.** For a period of sixty (60) days commencing on the Effective Date (such period of time, the "*Feasibility Period*"), Buyer, at its expense, may conduct a feasibility study of the Property (including, without limitation, architectural, geotechnical, environmental, marketing, engineering and financial feasibility studies) to determine whether or not the Property is suitable to Buyer. If the feasibility study indicates, in Buyer's sole

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judgment and discretion, that the Property is suitable to Buyer, Buyer shall send written notice (the "Notice of Suitability") to Seller on or before the last day of the Feasibility Period. The Notice of Suitability shall **not** be effective or binding upon Buyer and cannot be relied upon by Seller unless such Notice of Suitability is signed by either one of Donald R. Horton, David V. Auld, Bill W. Wheat, Michael J. Murray, or Rick L. Horton, each an officer of Buyer, or if applicable, Buyer's general partner. The date on which an effective Notice of Suitability is delivered to Seller by Buyer is referred to herein as the "NOS Date". If Buyer fails to send Seller the Notice of Suitability on or before the last day of the Feasibility Period, and such failure continues for a period of ten (10) days after written notice from Seller, this Contract shall automatically terminate. In the event of such automatic termination, the Earnest Money will be returned to Buyer and the Parties shall have no further obligation to each other. Not in limitation of the foregoing or any other provision in this Contract, Buyer may terminate this Contract at any time prior to the expiration of the Feasibility Period by giving written notice of such termination to Seller, and the Earnest Money will be returned to Buyer and the Parties shall have no further obligation to each other.

3.02. **Information to be Provided.** As soon as practicable and in any event not later than five (5) Business Days after the Effective Date, Seller shall provide to Buyer the following information, to the extent such information exists and is in the actual control and possession of Seller, in electronic or hard copy (the "Seller's Property Information"): (i) the preliminary plat, and final plat for the Subdivision, with street addresses of the Lots shown on such plats; (ii) copies of all soils reports and other geotechnical reports; (iii) the Existing Environmental Reports (hereinafter defined); (iv) evidence of the availability of water and sanitary sewer service to the Property in sufficient capacity to serve all the Lots; (v) landscaping plans and designs for the Subdivision and the latest master plan for the Project; (vi) all construction plans for the Subdivision (including without limitation all utility plans, drainage plans, detention plans, and street plans, and, if applicable, any lift station plans); (vii) copies of all lot grading plans prepared in accordance with Section 5.05 hereof; (viii) the Common Area Plans; (ix) the HOA Documents; (x) copies of any and all title insurance policies covering or issued with respect to the Property (which may be redacted to delete the policy amount); (xi) a copy of the storm water pollution prevention plan, or the equivalent thereof (the "SWPPP") for the Subdivision and a copy of the Notice of Intent filed with the U.S. Environmental Protection Agency (the "EPA") and/or any other applicable Governmental Authority exercising a similar function, and a copy of the EPA's Storm Water Baseline Construction General Permit Coverage Notice of Permit for the Subdivision, or the equivalent thereof (the "SW Permit"); and (xii) all other information which constitutes a Substantial Completion Requirement, as defined in Section 6.01 below. If any of the foregoing information is not available as of the Effective Date or within the time period specified in the first sentence of this Section 3.02, then Seller agrees to promptly provide such information to Buyer as soon as it becomes available. Should Seller fail to timely deliver the Seller's Property Information or the notice of transmittal, the Feasibility Period shall be extended day for day until the Seller delivers the Seller's Property Information.

3.03. **Buyer's Right to Enter Property.** Buyer and its employees and agents shall have the right and permission from and after the Buyer's Local Execution Date to enter upon the Property or any part thereof, at all reasonable times and from time to time, for the purpose of completing its feasibility review of the Property which review may include, without limitation, making all soil, drainage, utilities, traffic, and other tests required for the completion of the

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engineering and feasibility study described in Section 3.01 above. Prior to any entry onto the Property by Buyer or any employee, agent, representative, contractor, or consultant of Buyer, Buyer shall obtain and maintain in force at its own expense a policy of commercial general liability insurance by an insurance company qualified to do business in the State and reasonably satisfactory to Seller, insuring against claims of all persons for loss of life, personal injury and property damage arising out of or incident to the activities of Buyer, its agents and employees upon the Property. Seller shall be named as an additional insured under the policy, and Buyer shall deliver to Seller a certificate evidencing such insurance and reflecting a combined single limit coverage in an amount of not less than \$1,000,000.00 for bodily injury and property damage liability.

3.04. **Soils Report.** Prior to the expiration of the Feasibility Period, Seller shall deliver to Buyer a copy of any soils report obtained by or for the benefit of Seller after the Effective Date in Seller's possession and shall deliver to Buyer any information concerning any buried or foreign materials or fill on the Property. Seller acknowledges that Buyer may obtain at Buyer's expense a soils report in form acceptable to Buyer and to the FHA and/or home warranty company chosen by Buyer or Buyer's assigns on the original condition of the soils, prepared by a reputable soils laboratory containing the results of the appropriate number of borings, which shall be on a maximum of 200' centers at 20' depths, and concluding as to soils type and characteristics, plasticity index, and shrink/swell factors, as well as conclusion as to the floating-type foundation best suited for the soils. Any buried or foreign materials encountered, including fill, must also be disclosed.

3.05. **Restoration.** After any tests or investigation on the Property, Buyer will return the Property to its present condition as of the Effective Date (other than any changes, damages, or alterations resulting from actions by persons other than Buyer, Buyer's employees, agents, and contractors), and Buyer does hereby indemnify Seller from and against any damages and/or claims resulting from such tests, investigations, and/or restoration work on the Property performed by Buyer and Buyer's employees, agents, and contractors. Buyer does not and will not indemnify Seller from or against damages or claims resulting from conditions existing on the Property as of the Effective Date or caused by persons other than Buyer or otherwise not employed by or within the control of Buyer.

3.06. **Agreements to be Reached.** If not previously agreed to by Buyer and Seller pursuant to the terms of the Master Supply Agreement, then prior to the expiration of the Feasibility Period, Buyer and Seller will negotiate and agree upon the following:

(a) **Restrictive Covenants.** Within thirty (30) days after the Effective Date, Seller will provide Buyer with Seller's proposed Restrictive Covenants, or any proposed amendments to any existing Restrictive Covenants, for the Subdivision which shall be placed against and encumber the Lots, and Seller will cooperate with Buyer in any reasonable changes and modifications to the Restrictive Covenants requested by Buyer. Any such Restrictive Covenants shall (1) include a regular assessment against owners of lots in the Subdivision, in an amount mutually agreed to by Buyer and Seller, and which assessments shall be subject to clause (2) of this Section 3.06(a); (2) provide that Buyer (as a builder of residential homes within the Subdivision for sale to third party buyers) is not obligated to pay any assessments during its ownership of any lots in the Subdivision, and that such assessments shall not accrue until the

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conveyance of such lots to third party residential purchasers, unless sooner required by Applicable Law; and (3) provide that Buyer shall not be obligated to subsidize all or any portion of the Subdivision homeowners association budget, which shall be and remain the obligation of Seller. If for any reason Buyer and Seller cannot reach agreement on the Restrictive Covenants during the Feasibility Period, then either Seller or Buyer may terminate this Contract, and any Earnest Money then on deposit will be returned to Buyer.

(b) **House Plans.** During the Feasibility Period, Buyer agrees to submit to Seller the plans and specifications (the "*House Plans*") for each house or model of house which Buyer intends to build in the Subdivision. Seller agrees to not unreasonably withhold or delay its approval therefor, and to reasonably assist Buyer in obtaining architectural control committee approval thereof (if applicable). Seller shall be deemed to have approved any House Plans submitted by Buyer, if approval thereof is not denied within ten (10) days after submission of the House Plans. If any House Plans are disapproved, Seller shall specify in writing the modifications that would be required in order to obtain approval of the House Plans. If for any reason Buyer and Seller cannot reach agreement on the House Plans during the Feasibility Period (or in any event prior to the Initial Closing), then Buyer may either (i) accept Seller's required modifications to the House Plans, or (ii) Buyer may terminate this Contract, and any Earnest Money then on deposit will be returned to Buyer. Buyer acknowledges that Seller (or the Subdivision homeowners association) may require a review fee of \$100.00 per Lot for the review of House Plans.

(c) **Common Area Improvements.** During the Feasibility Period, Buyer and Seller will use good faith efforts to mutually agree, in writing, on the Common Area Plans, and shall amend this Contract to attach the approved Common Area Plans. If the Parties cannot agree on the Common Area Plans before expiration of the Feasibility Period, then either Party may terminate this Contract.

ARTICLE IV **PROVISIONS WITH RESPECT TO CLOSINGS**

4.01. **Initial Lots.** The term "*Initial Lots*" means thirty-five (35) Lots to be purchased by Buyer from Seller at the Initial Closing and which will be identified by Buyer prior to the Initial Closing. The Initial Lots will include Lots 3 and 4, Block A, which are designated for model homes.

4.02. **Closings.** The Closing of the purchase and sale of the Initial Lots ("*Initial Closing*"), shall take place no later than ten (10) days after the later of (i) the last day of the Feasibility Period, (ii) the issuance of the Notice of Suitability, or (iii) the Substantial Completion Date. Such date is herein referred to as the "*Initial Closing Date*", notwithstanding the fact that Closings may occur prior to the Initial Closing Date. The Closing of each Lot shall take place in the offices of the Title Company.

4.03. **Buyer's Takedown Obligations.**

(a) **Takedowns.** Buyer shall purchase the Initial Lots from Seller at the Initial Closing. Not later than ninety (90) days after the required Initial Closing Date, Buyer shall purchase an additional twelve (12) Lots (the "*Second Closing*"), and during each thirty (30)-day period thereafter (collectively, the "*Takedown Periods*"), Buyer shall purchase a minimum of

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twelve (12) additional Lots until the remaining Lots are closed. The Initial Closing, the Second Closing, and the closings of Lots during the Takedown Periods may be collectively referred to as the "Closings" and each as a "Closing", and the date of each such Closing may be referred to as a "Closing Date". Seller agrees to sell any Lots prior to a scheduled Closing Date upon request of Buyer.

(b) Credits. Any Lots purchased by Buyer in addition to the number of Lots required to be purchased at the Initial Closing, the Second Closing, or for any Takedown Period shall count as a credit toward Buyer's subsequent minimum takedown obligations.

(c) Remedy for Breach of Takedown Obligation. Should Buyer fail to consummate any Closings within the time specified herein, subject to the notice and cure provisions in Article X, which Seller and Buyer hereby acknowledge apply to such Closings, for any reason except default hereunder by Seller, Seller shall, as Seller's sole and exclusive remedy hereunder, have the right to terminate this Contract and to retain the Earnest Money then on deposit. Seller may not enforce specific performance and waives any other remedies which might be available to it upon default by Buyer except for Seller's right to terminate this Contract and receive and retain the Earnest Money then on deposit as liquidated damages for such default and not as a penalty. Seller and Buyer agree that the amount of Earnest Money then on deposit shall be liquidated damages because of the difficulty and inconvenience of ascertaining actual damages, and Seller and Buyer agree that said amount is a fair estimate of Seller's damages for Buyer's default hereunder.

4.04. Seller's Obligations at Closings. At each Closing, Seller shall, at Seller's expense, take the following actions and deliver or cause to be delivered to Buyer or the Title Company, as applicable, the following:

(a) Deed. Execute and deliver to Buyer a limited warranty deed in the form attached hereto as Exhibit "B", duly executed and acknowledged, conveying to Buyer good and indefeasible fee simple title to all of the Lots purchased at such Closing, free and clear of all liens, claims, and encumbrances except the Permitted Exceptions;

(b) Assignment. Execute and deliver to Buyer an assignment in the form attached hereto as Exhibit "C";

(c) Taxes. Deliver tax certificates or other evidence that all ad valorem or other taxes for all of the Lots being purchased at the applicable Closing have been paid for the years prior to the year of the Closing;

(d) Possession. Deliver possession of the Lots purchased at such Closing to Buyer;

(e) Closing Costs. Pay Seller's closing costs as hereinafter specified;

(f) Other Documents. Execute and deliver such other documents as are customarily executed in the County and State in connection with the sale of real property, including all required closing statements, evidences of authority to execute the documents, and any other instruments that may be required by the Title Company or by the express terms of this Contract;

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(g) **Releases.** Cause to be secured from Seller's lender, or other holder of any note or lien on said Lots, a properly-executed and recordable release or partial release of lien for execution and delivery simultaneously with the deed of such Lot to Buyer, or as soon thereafter as is reasonably possible;

(h) **Lots Pinned.** Certify to Buyer that iron pins are installed at each Lot corner, at the Closing of each Lot; and

(i) Intentionally deleted.

4.05. **Buyer's Obligations at Closing.** At each Closing, Buyer shall, at Buyer's expense, take the following actions and deliver or cause to be delivered to Seller or the Title Company, as applicable, the following:

(a) **Purchase Price.** Buyer shall pay to Seller the applicable Basic Price in immediately available federal funds for the Lots purchased at such Closing and, at each Closing after the Initial Closing Date pay to Seller any Additional Consideration due and payable in full and in cash for only the Lots purchased at such Closing

(b) **Closing Costs.** Buyer shall pay Buyer's closing costs as hereinafter specified.

(c) **Other Documents.** Buyer shall execute and deliver such other documents as are customarily executed in the State in connection with the purchase of real property, including all required closing statements, evidences of authority to execute the documents, and any other instruments that may be required by the Title Company or by the express terms of this Contract.

4.06. **Seller's Closing Costs.** Seller shall pay the following costs and expenses in connection with each Closing: (i) Seller's own attorney's fees; (ii) Seller's portion of the prorated taxes and fees and any assessments (as provided below) and any HOA Transfer Fees; (iii) the cost of tax certificates mentioned above; (iv) one-half (1/2) the cost of any Title Company escrow fee; (v) the cost of the Abstract of Title; and (vi) such other incidental costs and fees customarily paid by sellers in the County for lot transactions of this nature.

4.07. **Buyer's Closing Costs.** Buyer shall pay the following costs and expenses in connection with each Closing: (i) Buyer's own attorney's fees; (ii) Buyer's portion of the prorated taxes and fees (as provided below); (iii) the cost of recording the limited warranty deed(s); (iv) one-half (1/2) the cost of any Title Company escrow fee; and (v) such other incidental costs and fees customarily paid by purchasers in the County for lot transactions of this nature.

4.08. **Prorations and Taxes.**

(a) **Prorated Taxes.** Subject to Seller's obligations with respect to special assessments and rollback taxes, as set forth in Sections 4.08(b) and (c) below, all real estate taxes and assessments accrued on and attributable to the Initial Lots for the year of the Initial Closing shall be prorated as of the Initial Closing between Seller and Buyer. If the amount of such taxes for that year are not known at the time of the Initial Closing, then the prorations shall be based on an estimate of the taxes for the year of Initial Closing, and when the tax information becomes available, Seller or Buyer may request reimbursement from the other party for any excess amount

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charged to that party at the Initial Closing. If Buyer's responsibility for ad valorem taxes has terminated under Section 7.05 below with respect to any Remaining Lots (as defined below), then such taxes will be prorated at each Closing of such Remaining Lots.

(b) Prorated Dues and Assessments. All homeowners association dues or other similar dues and assessments shall be prorated as of the date of Closing (regardless of whether such dues or assessments are due or whether or not they are paid monthly, quarterly, annually, or on some other periodic basis), and Seller shall be responsible for any HOA Transfer Fees payable with respect to the Closings. Seller shall pay all special taxes or assessments approved and/or assessed prior to Closing, including without limitation any special taxes or assessments which have been deferred or are otherwise on any extended re-payment plan. Seller shall pay all special assessments which are due, owing, pending, or payable as of the date of Closing.

(c) Rollback Taxes. Notwithstanding anything to the contrary contained herein, Seller shall cause any rollback taxes, or other taxes attributable to the Lots having been assessed or exempted for agricultural or other special uses prior to Closing, whether such taxes become due before or after Closing, to be paid in full prior to the Initial Closing. If, for any reason, Seller fails to cause the rollback taxes to be assessed and paid prior to the Initial Closing, Buyer may, in addition to its other remedies hereunder, require Seller to escrow at the Initial Closing the estimated amount of the rollback taxes and/or other taxes (including any penalties and interest), as estimated by the Title Company. In such event, such amount will be escrowed by Seller with the Title Company pursuant to an escrow agreement which will obligate Seller to cause such rollback taxes and/or other taxes to be assessed as soon thereafter as reasonably possible, will obligate the Title Company to disburse the escrowed funds to pay rollback and/or other taxes when determined, will require Seller to pay any deficiency, and will provide that any surplus will be refunded to Seller.

(d) Larger Tax Parcel. If the Property or the Lots to be closed at a particular Closing are taxed as a part of a larger parcel, Seller shall, at Closing, deposit in escrow with the Title Company sufficient funds to pay all of the taxes for the current period on the larger tax parcel. If such is the case, Buyer's pro-rata share of the taxes from such Closing shall be placed in escrow. At such time as each of the Lots is separately assessed with its own, individual tax identification number, any remaining balance of such escrow shall be disbursed to Seller.

4.09. Conditions Precedent to Closing. Buyer's obligation to close the purchase of any of the Lots is expressly conditioned upon (i) the satisfaction and completion of all Substantial Completion Requirements set forth in Article VI, and (ii) Buyer has confirmed Buyer's ability to obtain water and sewer taps and building permits, subject to payment of required tap and permit fees (subject to Buyer's rights under Article VI). However, Buyer may continue with the Closing on any Lot or Lots prior to Substantial Completion and Seller agrees that any such Closing shall not be deemed a waiver of the Substantial Completion Requirements. Seller agrees to sell any Lots prior to a scheduled Closing date upon request of Buyer. Notwithstanding the closing of any Lots hereunder prior to completion of such obligations, Seller shall continue to have the full responsibility to perform and fully satisfy its construction obligations set forth in this Contract, and all Substantial Completion Requirements with respect to Lots which have been closed and purchased by Buyer and all Lots which have not been closed.

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ARTICLE V
SUBDIVISION DEVELOPMENT AND IMPROVEMENTS

5.01. **Seller's Obligations.** Seller covenants and agrees as follows:

(a) If not already approved by Buyer and Seller pursuant to the Master Supply Agreement, Seller agrees to forward copies to Buyer of all preliminary plats, final plats, lot grading plans, and landscaping designs for Buyer's review and approval within thirty (30) days after the Effective Date. Buyer's approval shall not be unreasonably withheld;

(b) Seller will deliver to Buyer a copy of the final plat of the Lots (or any phase or section of the Lots), as recorded in the Official Public Records of the County (each, a "*Recorded Final Plat*") within ten (10) days after recordation;

(c) If not already approved by Buyer and Seller pursuant to the Master Supply Agreement, or otherwise, Buyer and Seller shall mutually agree in writing as to a specific landscape design for the Subdivision and designs for all entryway improvements, signage and amenities, within thirty (30) days after the Effective Date; and

(d) Seller agrees to keep all Lots not Closed by Buyer, but subject to this Contract, if any, as well as the entryway into and the street rights-of-way in the Subdivision, and all other portions of the Subdivision, in a neat, clean, and orderly manner, all at Seller's expense.

5.02. **HOA.** If not previously created, Seller will create prior to the Initial Closing, the HOA which will maintain the common areas of the Subdivision. If for any reason any HOA Documents were not finalized and approved by Buyer prior to the expiration of the Feasibility Period, or if Seller desires to amend any of the HOA Documents after the Feasibility Period and Buyer's approval thereof, then Seller will provide such HOA Documents or amendments to Buyer promptly upon the completion thereof for Buyer's review and approval, which approval will not be unreasonably withheld, conditioned or delayed.

5.03. **SWPPP.** Seller has prepared and implemented (or will cause to be prepared and implemented) for the Subdivision a SWPPP and will provide Buyer with three copies of the SWPPP, a copy of its Notice of Intent filed with the EPA and/or any other applicable Governmental Authority exercising a similar function, and a copy of the EPA's SW Permit for the Subdivision, or the equivalent thereof. Seller agrees to comply with the terms of the SW Permit and the SWPPP during the development of the Subdivision. Buyer agrees (i) to file its own Notice of Intent, and (ii) to comply with the SW Permit and the SWPPP as to any Lot purchased by Buyer from and after date of Closing of such Lot. This provision shall survive each Closing.

5.04. **Grading Plan.** Seller shall, within a reasonable time after the Effective Date, provide Buyer with a lot grading plan which has been submitted to the applicable Governmental Authorities, including the FHA, if applicable, and which satisfies the requirements set forth in Section 5.05 below. After the lot grading plan has been reviewed and approved by Buyer, it shall be the obligation of Seller to implement the plan, at Seller's sole cost and expense, and to carry out the actual final approval, if any, required by FHA.

5.05. **Grading Requirements.** The grading of each Lot shall be in accordance with an engineered grading and drainage plan that complies with all Applicable Laws and that is acceptable

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to Buyer and Seller (the "Approved Grading Plan"). The grading of each Lot shall be accomplished in such a manner that each Lot shall have (and the Approved Grading Plan shall provide for):

- (a) Drainage for the full depth of each Lot, with minimum 1% grade at any point (*i.e.*, no "ponding" of water);
- (b) Intentionally deleted;
- (c) Grading elevations within plus or minus three-tenths of a foot at the corners of each Building Pad (hereinafter defined) and the corners of each Lot as noted on the lot grading plan;
- (d) No debris or other detrimental material except Buyer's construction materials;
- (e) Fronts and backs of each Lot graded with a gradual slope to the property line, and in any event each Lot shall be graded so that the Building Pad shall have a maximum grade of two percent (2%), either front to back or side to side;
- (f) Sidewalk and right-of-way areas graded with a minimal slope from the property line to the top of the curb;
- (g) Construction area benched, constructed, and compacted in accordance with FHA Data Sheet 79G specifications to a net buildable dimension of (i) 40 feet wide by 60 feet deep if the Lots are limited to 40% impervious cover, and 40 feet wide by 75 feet deep if the Lots are limited to 50% impervious cover (as applicable, the "Building Pad"); and
- (h) All Lots to be closed at a particular takedown are visibly pinned at four (4) corners no earlier than thirty (30) days prior to the scheduled Closing.

5.06. **Potential for Vertical Rise.** If any Lot would have a Potential for Vertical Rise ("PVR") in excess of 4.5 inches, then Seller shall prior to the Initial Closing, at its sole expense (a) cause each such Lot to be treated (by moisture-conditioning or water injection or other method acceptable to Buyer) by a reputable soils geotechnical engineer acceptable to Buyer such that the PVR of such Lot is not in excess of 4.5 inches, and (b) deliver evidence of completion of such work to Buyer. Upon completion of such work and the post-completion testing, Seller will deliver to Buyer a copy of the test report and a letter signed by such engineer, addressed to Buyer, which (a) describes the work performed and testing procedures used, and (b) states that, based on the completed subgrade improvements and treatment, slab-on-grade foundations on such Lots may be designed considering a potential soil movement of not more than 4.5 inches. Thereafter, Buyer shall promptly reimburse Seller for its actual costs incurred in connection with moisture-conditioning any Lot(s) utilizing the Parties' routine intercompany settlement process.

5.07. **Soils Report.** In accordance with Article VI, Seller shall provide Buyer a soils report suitable for submission to FHA, stating that all compaction and/or related dirtwork, excavation, and fill meets or exceeds minimum FHA standards as promulgated by FHA Data Sheet 79G.

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5.08. **Screening & Fencing.** Seller shall be responsible for the construction and maintenance of, and payment for, any and all fences and/or screening, buffering, or other erosion control measures required at the issuance of the Acceptance Letters by the appropriate Governmental Authorities, including the FHA, if applicable, as it relates to the Subdivision. All fencing, screening, buffering, or other erosion control measures which might have to be constructed shall conform with all requirements, including any FHA requirements (if applicable), of any applicable Governmental Authority.

5.09. **Common Area Improvements.** Seller agrees to complete construction of the Common Area Improvements in accordance with the Common Area Plans on or before the ninetieth (90th) day after the Substantial Completion Date. Upon completion of the Common Area Improvements, Seller shall deliver to Buyer a written certification from a registered professional engineer, addressed to Buyer, certifying that the Common Area Improvements have been completed in accordance with the Common Area Plans. If Seller fails to complete construction of the Common Area Improvements by such [deadline] [deadlines], then (a) Buyer's takedown obligations under Section 4.03 shall abate until such time as the delinquent Common Area Improvements are completed, (b) the Additional Consideration shall abate and no such Additional Consideration shall accrue during the time period commencing on the applicable deadline(s) stated above and continuing until the delinquent Common Area Improvements are completed, (c) Buyer's responsibility for ad valorem taxes on the Remaining Lots shall abate during the time period commencing on the applicable deadline(s) stated above and continuing until the delinquent Common Area Improvements are completed, (d) Buyer may, in its sole discretion, elect to construct and complete all or a part of the Common Area Improvements, and Seller will reimburse Buyer upon demand for all costs and expenses incurred by Buyer in connection with constructing and completing the Common Area Improvements, together with interest on the amount unpaid at the rate of eighteen percent (18%) per annum (or, if such rate exceeds the highest rate permissible by Applicable Law, then the highest rate permissible by Applicable Law), and (e) if Seller fails to reimburse Buyer for the costs and expenses incurred by Buyer in connection with constructing and completing the Common Area Improvements, together with any interest earned thereon, then the abatement of the Additional Consideration and taxes on Remaining Lots shall continue until Buyer receives such reimbursement and Buyer may offset such costs, fees, expenses and interest against the Purchase Price of Lots. If Buyer elects to complete any of the Common Area Improvements, (a) Seller hereby grants to Buyer a temporary access and construction easement upon all portions of the Subdivision and any other property owned by Seller as may be useful or necessary for Buyer to complete the Common Area Improvements, and (b) Seller shall cooperate with and assist Buyer in providing any information which may be reasonably requested concerning the Common Area Improvements, including the status of the work, payments previously made, invoices outstanding and copies of contracts and other materials, and Seller hereby authorizes and grants to Buyer a license to use, and shall provide to Buyer, all plans, contracts, materials and information which may be necessary or desirable for the completion of the Common Area Improvements and the payment of the costs thereof. These rights and remedies of Buyer are in addition to and cumulative of all other rights and remedies of Buyer under this Contract. This provision shall survive each Closing and any termination of this Contract following the Initial Closing.

5.10. **Mailboxes.** If the United States Postal Service or any other entity requires the use of collective or gang type mailboxes, then Seller shall construct and install all mailboxes and

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related improvements and any other similar subdivision improvements that may be required by the City, any Governmental Authority, or any utility company (all such improvements being referred to hereinafter, collectively, as the "Mail Kiosks").

5.11. **Drainage Controls and Retaining Walls.** Seller shall construct and install all berms, retaining walls, or other similar drainage controls and related improvements and any other similar subdivision improvements that may be required by the City or any Governmental Authority prior to the time that Buyer obtains building permits for the Lots. Seller shall construct all such retaining walls and other similar subdivision improvements as may be necessary to achieve Substantial Completion of the Lots, and Seller shall obtain all necessary permits and approvals for such retaining walls as may be required by any applicable Governmental Authorities.

5.12. **Water Boxes and Electrical Service.** When all water boxes and all electrical, telephone, and cable television connections and boxes have been set, Seller's engineers shall certify that all such connections and boxes have been set correctly and in the proper location and at the appropriate grade. After such certification, Buyer shall be responsible for Buyer's damage to all items so certified, and shall repair the damaged water boxes and electrical connections, and Buyer shall be responsible for their replacement, if necessary. Pursuant to Article VI of this Contract, Seller shall be responsible for the payment and installation of permanent underground electrical service to all Lots.

5.13. **Location of Utilities.** Upon Seller's receipt from the applicable utility company, Seller shall provide Purchaser with an initial franchise utility plan reflecting the location of gas, electric, cable and telephone utilities to serve the Lots within the Subdivision. This provision shall survive each Closing.

5.14. **Permanent Utilities.** Seller shall cause permanent underground electric power, water, natural gas, cable television and telephone service (collectively, the "Permanent Utilities") installed and available to the perimeter of each Lot on or before the Substantial Completion Date. If Seller fails to cause the timely installation of such Permanent Utilities as required hereby, then, without limiting Buyer's remedies under this Contract by reason of Seller's default, Buyer's obligation to purchase Lots in accordance with the Closing requirements of Article IV shall abate on the remaining Lots until the installation of such Permanent Utilities. This provision shall survive each Closing.

5.15. **Buyer's Obligations.** Buyer shall maintain in a neat, clean and orderly manner all of the Lots closed under this Contract and the street in front of said Lots that are closed under this Contract. Buyer's obligation contained in this Section 5.15 shall terminate on the date on which Buyer no longer owns any Lots in the Subdivision.

5.16. **Buyer's Signage.** Seller hereby agrees to provide Buyer the right to erect one sign, no larger than 10' x 10' on the Property for Buyer's use in connection with the marketing of the Lots and improvements constructed thereon at any time on or after the NOS Date. Buyer's signage shall be subject only to approval by the appropriate Governmental Authority and placed in locations approved by Seller, which approval will not be unreasonably withheld.

5.17. **Sales and Construction Trailers.** Buyer shall be allowed to place a sales trailer and a construction trailer on the Lots after the NOS Date, provided that the sales trailer and

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construction trailer comply with Applicable Laws and are on Lots approved by Seller, which approval will not be unreasonably withheld. Buyer shall comply with all permit regulations and other laws or regulations of the applicable Governmental Authorities governing the use of such trailers. Any costs or expenses of installation, repair, operation and removal of such trailers shall be the responsibility of Buyer. Buyer agrees to improve and maintain any trailers and the Lots on which they are located, which will include landscaping of the Lots and skirting of the trailers, from the date any such trailer is installed to the date that such trailer is removed. Buyer shall remove any such sales trailer within thirty (30) days after a model home is completed in the Subdivision and restore the Lot upon which the sales trailer was located. Buyer may relocate the construction trailer from time to time onto Lots which Buyer has under this Contract for purchase. BUYER SHALL INDEMNIFY AND HOLD SELLER, ITS AGENTS, CONTRACTORS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY LIABILITY OR DAMAGES ARISING FROM SUCH TEMPORARY SALES TRAILER OR CONSTRUCTION TRAILER USE, UNLESS SUCH LIABILITY OR DAMAGES ARE CAUSED BY OR RESULTS FROM THE SOLE NEGLIGENCE OF SELLER, ITS AGENTS, CONTRACTORS OR EMPLOYEES. If this Contract is terminated prior to Buyer purchasing the Lots upon which the sales trailer or the construction trailer is located, Buyer, at Buyer's expense, shall immediately remove the improvements installed by Buyer on such Lot or Lots (including any temporary utilities) in such a manner and to such extent that the Lot or Lots shall be returned to substantially the same condition as existed prior to improvement by Buyer.

5.18. **Sidewalks.** Buyer shall build sidewalks on the Lots along the front of a Lot and the side of any Lot facing a street in conformity with and as required by the applicable Governmental Authority and the Restrictive Covenants and other HOA Documents. Seller shall be responsible for all other sidewalks required by any applicable Governmental Authority and the Restrictive Covenants and other HOA Documents, and Seller will cause all such other sidewalks to be constructed, installed, and, if applicable, accepted by the applicable Governmental Authority in a timely manner and in any event prior to such time as may be necessary in order for Buyer to obtain building permits and certificates of occupancy.

5.19. **Tree Preservation Plan.** All of the Lots are subject to the Tree Preservation Plan and tree permit attached hereto, and Buyer shall comply with same. Buyer acknowledges receipt of the Utility and Tree Plan for Manor Heights South prepared by Kimley-Horn and Associates, Inc. dated January 2018, KHA Project 069255700. A true and correct copy of the tree permit is attached hereto and incorporated herein as Exhibit "F". Buyer will not remove any tree noted for preservation without the prior approval of Seller and, if applicable, the City.

5.20. **TIRZ.** The Property is a part of a Tax Increment Reinvestment Zone ("TIRZ") created and operating under Chapter 311, Texas Tax Code, which covers the Property and the Project.

(a) **Reimbursements.** Seller shall be entitled to receive one hundred percent (100%) of the developer disbursements from the TIRZ.

(b) **Buyer's Obligations.** Buyer will comply with reporting and disclosure requirements relating to the TIRZ applicable to Buyer, if any.

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(c) Survival. The terms of this Section shall survive the Closings and shall be binding upon Buyer and any future owner(s) of the Property or any portion thereof.

5.21. **Manor Heights PID**. Seller has represented to Buyer that the Lots are located within Manor Heights PID and that the annual assessment to be levied by the City, when combined with the then current ad valorem tax rate of all over-lapping entities, will not exceed a total effective "tax rate" of \$3.26 per \$100 valuation on the average sales price of the homes to be constructed on the Lots for the first three (3) years following the closing of such Lots (based upon projections contained the City's Ordinance adopting the Service and Assessment Plan applicable to such Lots). In the event the projected annual assessment exceeds such threshold, Buyer may terminate the Contract and receive a refund of its Earnest Money. Upon such termination, Buyer's DHI Tax Responsibility shall also terminate.

ARTICLE VI **SUBSTANTIAL COMPLETION**

6.01. **Substantial Completion Defined**. "*Substantial Completion*", with respect to each of the Lots, means that each and all of the requirements listed below have been met and delivered to Buyer (the "*Substantial Completion Requirements*");

(a) The final subdivision plats for the subdivisions and/or sections in which the Lots are located have been approved by all applicable Governmental Authorities and recorded in the official records for the County and/or other municipality or applicable Governmental Authority, and Buyer has received the following from Seller: (i) a copy of the Recorded Final Plat; (ii) a copy of the address plat; and (iii) AutoCAD/Civil 3D 2018 file format or newer with all necessary reference files, all of which shall be provided to Buyer electronically.

(b) A set of "As Built" construction plans showing water, sewer, storm drainage, and utility layouts;

(c) The recorded Restrictive Covenants and all other HOA Documents have not been materially changed after Buyer's approval thereof;

(d) The final acceptance letters, or other applicable documents, evidencing that the City, County, or appropriate Governmental Authority has accepted for permanent maintenance all of the streets, water lines, sanitary sewer, and storm sewers for the Lots, or, if final acceptance letters, or other applicable documents, are not available, then conditional acceptance letters, or other applicable documents, for all of the streets, water lines, sanitary sewer, and storm sewers for the Lots and a copy of all maintenance and/or performance bonds posted with the applicable Governmental Authority with respect to the conditional acceptance letters, or other applicable documents (in either event, "*Acceptance Letters*");

(e) Certification from the appropriate Governmental Authority that operable water and sewer taps are available to each of the Lots;

(f) The Lots shall be reasonably cleared of any trash, debris, brush, and other materials, and all easements and rights-of-way have been graded, seeded, and strawed as may be required by any applicable Governmental Authority;

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(g) Written certification from the appropriate Governmental Authority that building permits are obtainable from the appropriate Governmental Authorities for the construction of single-family houses on the Lots;

(h) The zoning ordinance or ordinances for the Lots evidencing that the Lots are approved for single-family houses and the minimum house size required is 1,500 square feet and otherwise appropriate and allowing Buyer's intended use of the Lots for single family homes (the "*Zoning Ordinances*");

(i) Certification from the appropriate agency that the Lots are served by permanent underground electricity, all transformers are set, and temporary or permanent power poles for the construction of houses are available;

(j) Intentionally deleted;

(k) All infrastructure for electric, water, sanitary sewer, wastewater, natural gas, underground telephone, and cable television service is completed, and electricity, water, sanitary sewer, wastewater, natural gas, telephone, and cable television service is available to each Lot, and none of the contracts or agreements with the applicable utility providers relating to the provision of any such utilities to the Lots place any additional financial burden on Buyer;

(l) A copy of the plans for the underground electric distribution system;

(m) A letter from a soils engineer that the earthwork on all Lots satisfies or exceeds the requirements of the Federal Housing Administration Data Sheet 79G with regard to cut and fill compaction to allow the use of floating slabs for residential units to be constructed thereon in accordance with the "Design of Post-Tensioned Slabs-On-Ground", 3rd Edition, published by the Post-Tensioning Institute; and copies of all compaction studies, tests, and radon tests administered for the Lots, and in any event a 79G letter from a soils engineer that for any Lot on which six or more inches of fill have been placed such Lot complies with FHA requirements;

(n) Survey showing that no part of any Lot on which the houses are to be constructed is within the 100-Year Flood Plain, as determined by the Federal Insurance Administration or any other Governmental Authority. Furthermore, if any Lots have been removed from the 100-Year Flood Plain, then a copy of the FEMA Final Map Amendment certifying the Lots have been removed from the FEMA Map. If Seller is unable to remove any Lot from the 100-Year Flood Plain within the period required by Buyer, then this Contract shall terminate, at Buyer's election, with respect to any Lots not then removed from the 100-Year Flood Plain;

(o) All street lights and street signs shall be installed as required by any applicable Governmental Authority;

(p) The Lots are graded and building pads are constructed in accordance with the Approved Grading Plan;

(q) If applicable, the Mail Kiosks are installed and complete (or temporary measures are installed until the permanent Mail Kiosks are installed and complete);

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(r) All other subdivision improvements, including without limitation walls, fences, detention ponds and other drainage improvements and controls, and similar subdivision infrastructure, that may be required for the issuance of the Acceptance Letters by the appropriate Governmental Authorities or which must be completed in order for Buyer to obtain building permits to construct homes on the Lots and/or certificates of occupancy for such homes when completed by Buyer, shall be complete and, if necessary, approved or accepted by the applicable Governmental Authority; and

(s) If applicable, the Lots are all rear entry and served with alleys.

6.02. **Notice of Substantial Completion.** Upon satisfying all requirements of Section 6.01, Seller shall send written notice (a "*Substantial Completion Notice*") to Buyer. Upon receipt of a Substantial Completion Notice, Buyer shall have a period of fifteen (15) days within which to inspect the Lots and evaluate the information and documentation provided by Seller and to notify Seller in writing if any condition described in Section 6.01 remains unsatisfactory, in Buyer's reasonable opinion. Subject to Section 6.02(c) below, Buyer's failure so to notify Seller within that fifteen-day period shall be deemed Buyer's agreement that all conditions have been satisfied and that Substantial Completion has occurred.

(a) **Seller's Cure and Buyer's Remedies.** Seller shall use good faith efforts to correct any work that Buyer timely designates in writing as unsatisfactory within fifteen (15) days after Buyer's notice of objections. If Seller does not cure Buyer's objections within said fifteen-day period, Buyer may elect, by delivering written notice to Seller within ten (10) days after Seller's cure period expires, either (i) to waive such objections and continue this Contract in full force and effect or (ii) to cure the matter so objected to, and to deduct the cost of such cure from the Purchase Price for the Lots, or (iii) terminate this Contract as to all of the Lots or with respect to those Lots which are not Substantially Complete. If this Contract is terminated as to all of the Lots then remaining under this Contract, all of the Earnest Money and, if this Contract is terminated as to some but not all of the Lots, a pro-rata portion of the Earnest Money, shall promptly be returned to Buyer; Seller shall pay all costs, fees, and expenses payable to the Title Company; and neither Party shall thereafter have any further duties, rights or obligations hereunder with respect to any Lots as to which this Contract is terminated. Subject to Section 6.02(c) below, Buyer's failure to make a written election within such ten-day period shall be deemed Buyer's agreement to waive the objections and continue this Contract.

(b) **Substantial Completion Date.** The "*Substantial Completion Date*" shall be (i) the date which is twenty (20) days after the date of the Substantial Completion Notice, if Buyer does not object to any such matters, or (ii) if Buyer timely objects to any matters, then the date such matters are cured, or (iii) the date on which Buyer is deemed to have waived cure of any matters to which Buyer has objected.

(c) **Continuing Obligation.** Seller's obligation to accomplish and perform all Substantial Completion Requirements set forth in Section 6.01 is a continuing obligation, and if Buyer discovers at any time that any Substantial Completion Requirement has not been satisfied, then Seller must satisfy such requirement. If Seller does not satisfy any such Substantial Completion Requirement within a reasonable period of time (not to exceed thirty (30) days) after Buyer gives notice thereof to Seller, then Seller shall be in default under this Contract.

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(d) Unbuildable Lots. Notwithstanding any other provision in this Contract, if at any time prior to a Closing Buyer discovers or determines that one or more Lots is not buildable because (i) such Lot or Lots are burdened by karsts or other critical environmental features, non-removable trees or trees that require mitigation (whether in the form of replanting or payment of mitigation fees), (ii) such Lot or Lots have soil, drainage, or slope conditions or some other condition outside of Buyer's control that impedes or prevents construction of Buyer's intended floor plan for such Lot or Lots, (iii) for any reason flood plain maps are changed after the expiration of the Feasibility Period and any Lot is in the 100-Year Flood Plain, and/or (iv) such Lot or Lots do not have normal access to utility connections (e.g., sanitary sewer lines cannot be accessed from the house on a Lot with gravity flow only), then Buyer may give notice of such fact to Seller. If Seller is not able to cure or remedy the situation prior to Closing, then Buyer shall not be obligated to purchase such Lot or Lots, this Contract shall terminate as to such Lot or Lots, and the applicable pro rata portion of the Earnest Money shall be released and refunded to Buyer.

6.03. Target Date for Substantial Completion. Seller shall use Seller's good faith efforts to achieve and satisfy the Substantial Completion Requirements by January 31, 2021. If Seller has not satisfied the Substantial Completion Requirements and achieved Substantial Completion within sixty (60) days of the date set forth in the immediately preceding sentence, Buyer shall have the right, at Buyer's sole discretion, to terminate the Contract or Buyer may extend the date for Seller's achievement of Substantial Completion for one or more periods of time not exceeding, in the aggregate, two (2) years. If Buyer chooses to terminate the Contract, then Buyer shall be entitled to the immediate return of the Earnest Money. If Buyer chooses to extend the deadline for Substantial Completion, then any accrual of Additional Consideration will abate and Closing deadlines and Takedown Periods will be extended accordingly.

ARTICLE VII REPRESENTATIONS, WARRANTIES, & COVENANTS

7.01. Seller's Representations & Warranties. Seller hereby makes the following representations and warranties, which shall also be true as of the Substantial Completion Date and as of the sale of all Lots to Buyer, and which shall survive the respective Closings:

(a) Seller is a corporation, duly formed, validly existing and in good standing in the State of Delaware, and duly qualified and in good standing in the State. The person signing this Contract on behalf of Seller has the full right, power, and authority to execute this Contract on behalf of Seller. The execution, delivery, and performance of this Contract by Seller, and the consummation of the transactions contemplated hereby, do not and will not conflict with, result in a violation of, or constitute a default under any provision of Seller's constituent documents or any agreement or other instrument binding upon Seller or the Property.

(b) To the best of Seller's knowledge, Seller has complied with all Applicable Laws and Legal Requirements relating to the Lots;

(c) There are no parties in possession of any portion of the Lots as lessees, licensees, tenants at sufferance, or trespassers;

(d) To the best of Seller's knowledge, there is no pending or threatened condemnation or similar proceeding or special assessment affecting the Lots, or any part thereof,

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nor, to the current actual knowledge of Seller, is any such proceeding or assessment contemplated by any Governmental Authority;

(e) There are no unpaid charges, debts, liabilities, claims, or obligations arising from the construction, occupancy, ownership, use, or operation of the Lots;

(f) The Lots will have full and free access to and from public streets, and Seller has no actual knowledge of any pending or threatened governmental proceeding or any other fact or condition which would limit or result in the termination of such access;

(g) All necessary easements for underground electrical, natural gas, telephone, and cable television services and other municipal and utility services ("*Utility Services*") for the Lots either have been or will be prior to the applicable Closing granted to the appropriate Governmental Authority and/or utility company, contracts have been or will be prior to the applicable Closing executed with the providers of each such Utility Service for the construction and installation thereof, and as of the Closing Date of each Lot, all such Utility Services will be available to such Lot in sufficient capacities for a single family home;

(h) To the best of Seller's knowledge, all municipal and utility services of all Governmental Authorities are available to the Lots and are sufficient for service to the Lots for single-family houses;

(i) To the best of Seller's knowledge, there is no change contemplated in any Applicable Laws or any judicial or administrative action which has not been disclosed in writing to Buyer by Seller which would prevent, limit, impede, or render more costly Buyer's contemplated use of the Lots;

(j) That, at the time of each Closing, no developer-related charges or assessments for public improvements or otherwise which would have been made against the Lots will remain unpaid, including, without limitation, those for construction of sewer lines, water lines, storm drainage systems, electric lines, natural gas lines, streets (including perimeter streets), roads and curbs;

(k) Seller is not a "foreign person", as defined in the Internal Revenue Code and, prior to the first Closing contemplated under this Contract, agrees to provide to Buyer an affidavit to that effect;

(l) Seller hereby certifies that all Lots under Contract to Buyer conform to the appropriate Governmental Authority's subdivision standards for property of this type;

(m) To the best of Seller's knowledge, no portion of the Property is or has been used as a cemetery or graveyard;

(n) To the best of Seller's knowledge, Seller has complied with, and is not aware of, any violation, condition, or any action which with the passing of time or giving of notice would be deemed a violation of any and all Applicable Laws, Environmental Laws, and other Legal Requirements, including those promulgated or imposed by any Governmental Authority. Furthermore, to the best of Seller's knowledge, no default or breach exists, or as of each Closing

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will exist, under any of the covenants, conditions, restrictions, rights-of-way, or easements affecting the Lots or any portion thereof; and

(o) None of the Lots will be within the 100-Year Flood Plain, and, without limiting any of Buyer's other rights and remedies under this Contract and Applicable Law, if any Lots are determined to be located within the 100-Year Flood Plain, then Buyer may terminate this Contract as to such Lots, and any and all obligations of Buyer hereunder with respect to such Lots shall be null, void and of no further force or effect.

7.02. **Seller's Covenants.** Seller hereby covenants and agrees with Buyer as follows:

(a) Seller shall provide to Buyer written certification from a registered professional engineer that all improvements to the Lots are constructed substantially in accordance with the plans and specifications approved by applicable Governmental Authorities. Should any revisions become necessary, Seller shall immediately notify Buyer of any and all changes and simultaneously refile and re-record all necessary data with the appropriate Governmental Authority, with copies being sent to Buyer.

(b) Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Lots or any portion thereof, or any other proceedings arising out of injury or damage to the Lots or any portion thereof, Seller will notify Buyer of the pendency of such proceedings.

(c) Without Buyer's prior written consent, which consent may be withheld or granted in Buyer's sole and absolute discretion, Seller shall not transfer or convey all or any portion of the Property or any right, title, or interest of Seller in the Property; provided, however, Seller may transfer the Property to an affiliate of Seller if such transferee fully assumes this Contract by written agreement executed by Buyer, Seller, and such transferee.

(d) During the term of this Contract, Seller will pay prior to delinquency: (i) all ad valorem and other taxes and assessments against the Property owned by Seller; (ii) all principal, interest and other amounts owed by Seller to any lender now or hereafter holding a lien, mortgage or security interest in or to the Property (or any portion thereof); and (iii) all amounts owed to any contractor, subcontractor or other person or entity performing any work for or supplying any materials to Seller with respect to the Property (or any portion thereof). **SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY CLAIMS BY ANY CREDITOR, LENDER, CONTRACTOR, GOVERNMENTAL AUTHORITY, THE HOA, OR ANY PAST, PRESENT, OR FUTURE MEMBER OF THE HOA, WHICH ARISE FROM, RELATE TO, OR OTHERWISE ARE CONNECTED WITH SELLER'S BREACH OF THE COVENANTS IN THIS SECTION 7.02(D).** This provision shall survive Closing of any and all Lots hereunder.

(e) Seller will not grant any lien upon or mortgage any portion of the Property without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed provided that (i) the deed of trust, mortgage, or other security instrument encumbering the Property expressly provides for partial releases of the Property in a manner consistent with this Contract and for an amount less than the aggregate Purchase Price of all of the Lots, (ii) such deed of trust, mortgage, or other security instrument is made expressly subject to this Contract and any

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Memorandum of Contract filed with respect hereto, and (iii) Seller obtains from Seller's lender a Partial Release and Attornment Agreement, in form and substance acceptable to Seller and Buyer (the "*Partial Release Agreement*"). Buyer or Buyer's counsel will draft the Partial Release Agreement at Buyer's expense. The Partial Release Agreement shall provide for, *inter alia*, (i) a contractual commitment by Seller's lender to release Lots or portions of the Property upon the payment of the Purchase Price stated herein, (ii) Buyer's right to receive notice of and to cure any default by Seller to Seller's lender with respect to Property subject to this Contract, (iii) an agreement by Seller's lender that any foreclosure of any portion of the Property will not terminate Buyer's rights under this Contract, and (iv) that such Partial Release Agreement cannot be amended or modified without Buyer's prior written consent.

(f) Seller will cause the Restrictive Covenants to be recorded against all lots in the phase or section of the Subdivision in which the Lots are located. Seller will cause all lots in the Subdivision (and, if applicable, in the larger residential community in which the Subdivision is located) to be encumbered by and subject to the Restrictive Covenants or substantially similar restrictive covenants.

(g) Seller covenants and agrees to cause the obligations of any other builders or lot purchasers (collectively, the "*Other Builders*") under their respective contract(s) with Seller for lots within the Subdivision to be substantially the same as (or less favorable to the buyer than) Buyer's obligations under this Contract, and Seller shall not deal with any of the Other Builders in a manner that is more beneficial to the Other Builders than to Buyer.

(h) If not provided for in the Restrictive Covenants, to the extent allowable by Applicable Law, Seller will obtain a written waiver from the HOA and the property management company representing the HOA for the payment of HOA Dues and any HOA Transfer Fees with respect to any Lots purchased by Buyer under this Contract. If permitted under Applicable Law, HOA Dues shall not begin to accrue or become payable on any of the Lots until the earlier of (i) the date on which Buyer sells a house constructed on any such Lot to a third party homebuyer, or (ii) the first (1st) anniversary of the date on which Buyer closed the purchase of such Lot from Seller pursuant to this Contract. HOA Transfer Fees shall not be payable to the HOA upon Buyer's purchase of any Lot pursuant to this Contract or Buyer's sale of any such Lot to the third party homebuyer purchasing a house constructed by Buyer thereon, unless required by Applicable Law. **SELLER AGREES TO INDEMNIFY BUYER AND HOLD BUYER HARMLESS FROM ANY CLAIMS FOR HOA DUES AND HOA TRANSFER FEES ACCRUING OR BECOMING PAYABLE WITH RESPECT TO ANY LOT PRIOR TO THE DATE ON WHICH SUCH DUES AND FEES ARE TO ACCRUE AND BECOME PAYABLE PURSUANT TO THE PROVISIONS OF THIS SECTION.** If for any reason Buyer is required to pay any such HOA Dues or HOA Transfer Fees, then Seller will reimburse Buyer for any sums paid by Buyer within thirty (30) days of demand therefor. In addition, Buyer may offset any sums so paid by Buyer against the purchase price of Lots closed by Buyer after making such payment. This provision shall survive Closing of any and all Lots hereunder.

(i) All persons purchasing homes constructed on the Lots shall have access to the Common Area Improvements and other common areas owned or managed by the HOA at the same cost and level of assessments as all other homeowners in the Project.

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(j) Seller will ensure that the HOA has sufficient funds to operate and manage the HOA and to maintain and repair common areas and amenities in the Subdivision in a customary and normal manner for homeowner associations or community associations for similar properties in the City or County and in compliance with the Restrictive Covenants, and if there are not sufficient funds to operate the HOA in such manner, Seller shall fund such deficit ("*HOA Deficits*"). Seller's obligation to fund HOA Deficits shall continue until such time as there are enough members of the HOA regularly paying HOA Dues in order to provide the HOA with sufficient income through HOA Dues to fund the operation and management of the HOA and maintenance and repair of common areas and amenities, including reasonable reserves. If Seller fails to fund such HOA Deficits as required herein, then Buyer may elect (in Buyer's sole and absolute discretion) to fund any or all such HOA Deficits and to deduct any such amounts from the Purchase Price for the Lots next purchased by Buyer hereunder or seek reimbursement for such funds from Seller. Funding of any deficit by Buyer pursuant to this provision shall not constitute an assumption by Buyer of Seller's obligations hereunder or under the Restrictive Covenants, nor make Buyer obligated to fund any additional or future HOA Deficits thereafter arising. Provided further, Seller's failure to fund any such HOA Deficits shall constitute an event of default by Seller hereunder, and Buyer shall be entitled to all other rights and remedies available to Buyer under this Contract and applicable law, including without limitation suit for reimbursement. **SELLER AGREES TO INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY CLAIMS BY THE HOA, ANY PAST, PRESENT OR FUTURE HOMEOWNER IN THE SUBDIVISION OR ANY PAST, PRESENT, OR FUTURE MEMBER OF THE HOA WHICH ARISE FROM, RELATE TO, OR OTHERWISE ARE CONNECTED WITH SELLER'S FAILURE TO FUND THE HOA OR BREACH OF THE COVENANTS IN THIS SECTION 7.02(J).** This provision shall survive Closing of any and all Lots hereunder and any termination of this Contract following the Initial Closing.

7.03. **No Third Party Beneficiary.** Notwithstanding any other provision herein, Seller's representations, warranties, covenants, and agreements set forth in Article V, Article VI, Article VII, and Article VIII of this Contract are for the sole benefit of Buyer, and there are no third party beneficiaries of such representations, warranties, covenants, and agreements.

7.04. **Buyer's Representations and Warranties.** Buyer hereby represents and warrants to Seller that Buyer has the full right, power, and authority to purchase the Lots from Seller as provided in this Contract and to carry out its obligations hereunder; and all required action necessary to authorize Buyer to enter into this Contract and to carry out its obligations hereunder has been or will have been taken prior to the Closing Date.

7.05. **Taxes on Remaining Lots after Initial Closing.** After the Initial Closing, ad valorem taxes and assessments attributable to all Lots subject to this Contract other than the Initial Lots (the "*Remaining Lots*") shall be subject to the terms and provisions of this Section 7.05.

(a) **Tax Accrual Date** Except as otherwise provided in this Section 7.05, commencing on the later of (1) the Initial Closing Date, or (2) the date that each of the Remaining Lots is Substantially Complete (such later date being referred to as the "*Tax Accrual Date*"), so long as this Contract is in effect, Buyer shall be responsible for payment of all ad valorem taxes, assessments, and standby fees (but excluding rollback, taxes subject to Section 4.08(b)) which accrue on each such Remaining Lot which Buyer has not yet purchased pursuant to this Contract.

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Buyer shall not be liable for payment of taxes, assessments, or standby fees for any Remaining Lot until such Remaining Lot is Substantially Complete in accordance with this Contract.

(b) Appraised Value and Contest. As soon as practical and in any event within ten (10) Business Days following Seller's receipt thereof, Seller shall deliver to Buyer a copy of all notices of appraised value for the Remaining Lots from the applicable appraisal district or tax assessor (collectively, the "*Notices of Appraised Value*"). Buyer shall have the right (but not the obligation) to contest the appraised value of all or any of the Remaining Lots set forth in the Notice of Appraised Value, at Buyer's expense. Seller agrees to cooperate with Buyer and to promptly execute and deliver to Buyer any and all documents required or necessary to effectively and expeditiously contest such appraised value, including any agency letters required by any applicable tax appraisal district. If Seller fails to timely deliver the Notices of Appraised Value and/or any documents necessary for Buyer to contest the appraised value of any Remaining Lots as provided herein, then Buyer's obligation to pay ad valorem taxes and assessments for the applicable Remaining Lots in accordance with this Section 7.05 shall automatically terminate and be of no further force or effect. Upon any such termination of Buyer's obligations under this Section 7.05, ad valorem taxes and assessments for the year of Closing of such applicable Remaining Lots shall be prorated as of the applicable Closing Date between Buyer and Seller. In addition, if a Closing occurs during the calendar year of the Tax Accrual Date, then taxes will be prorated at that Closing as of the Tax Accrual Date. If the amount of such taxes for that year are not known at the time of the applicable Closing, then the proration shall be based on an estimate of the taxes for the year of such Closing, and when the tax information becomes available, Seller or Buyer may request reimbursement from the other party for any excess amount charged to that party at such Closing.

(c) Tax Statements. Promptly following receipt thereof, Seller shall deliver to Buyer copies of invoices for all ad valorem taxes which accrue on the Remaining Lots from and after the Tax Accrual Date (the "*Tax Statements*"). Provided that such Tax Statements are timely provided by Seller to Buyer, Buyer agrees to pay directly to the taxing authority all ad valorem taxes for the Remaining Lots on or before January 25th of the year following the applicable calendar year for which such taxes are due, and in any event prior to the date due to applicable taxing authorities. Buyer shall provide to Seller tax receipts evidencing payment of the ad valorem taxes on the Remaining Lots. If Buyer fails to timely pay any ad valorem taxes on Remaining Lots for which Buyer is responsible under this Contract, then Buyer will be responsible for penalties and interest due to the taxing authority with respect to such taxes.

(d) Exemptions and Valuations. Buyer and Seller agree to cooperate in order to maintain all exemptions and special valuations of any nature on the Remaining Lots to the extent reasonably possible, including without limitation, valuation as open space, agricultural land, or wildlife management, if applicable.

(e) Reimbursement. Notwithstanding the foregoing or any other provision of this Contract to the contrary, if this Contract is terminated for any reason (other than a default by Buyer which continues beyond any applicable notice and cure period), then (i) Buyer's liability for taxes and assessments on the Remaining Lots shall immediately terminate as to the applicable year of termination and any prior years, and (ii) all ad valorem taxes and assessments paid by Buyer pursuant to this Contract on any Remaining Lots then still subject to this Contract shall be reimbursed by Seller. Any amount required to be reimbursed by Seller to Buyer pursuant to this

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Section 7.05(e) is referred to hereinafter as a "*Tax Reimbursement Amount*". Any Tax Reimbursement Amount shall be reimbursed by Seller within fifteen (15) Business Days following written demand therefor from Buyer. If Seller fails to pay to Buyer a Tax Reimbursement Amount within such fifteen (15) Business Day period, then the Tax Reimbursement Amount owed by Seller to Buyer hereunder shall accrue interest from the date due until paid at the lesser of sixteen percent (16%) per annum or the maximum lawful rate, and Buyer shall have the right to pursue all legal and equitable remedies in order to collect such Tax Reimbursement Amount if not paid by Seller. Seller's obligation to pay Buyer for any Tax Reimbursement Amount, shall survive all Closings and termination of this Contract.

ARTICLE VIII **ENVIRONMENTAL**

8.01. **Representations and Warranties.** Seller hereby represents and warrants to Buyer that: (i) to the best of Seller's knowledge, neither Seller nor any previous owner of the Property or any other person or entity has ever used, generated, processed, stored, disposed of, released or discharged any Hazardous Substance on, under, or about the Property or transported it to or from the Property, nor, to Seller's knowledge, has any party ever alleged that any such activities have occurred; and (ii) to the best of Seller's knowledge, no use by Seller, any prior owner of the Property, or any other person, has occurred which violates or has been alleged by any party to violate any applicable Environmental Law, and the Property is not on any "Superfund" list under any applicable Environmental Law, nor is it subject to any lien related to any environmental matter. **IF SELLER HAS BREACHED THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION, SELLER SHALL INDEMNIFY AND HOLD BUYER, ITS SUCCESSORS AND ASSIGNS, HARMLESS FROM AND AGAINST ALL FINES AND PENALTIES AND LIABILITIES, DIRECTLY OR INDIRECTLY AND IN WHOLE OR IN PART ARISING OUT OF OR ATTRIBUTABLE TO HAZARDOUS SUBSTANCES EXISTING BENEATH OR ON THE SURFACE OF THE PROPERTY ON OR PRIOR TO ANY CLOSING OR THE MIGRATION THEREOF WITHIN OR FROM THE PROPERTY AT ANY TIME, WHETHER BEFORE OR AFTER ANY CLOSING, INCLUDING WITHOUT LIMITATION THE COST OF ANY REMEDIAL, REMOVAL, RESPONSE, ABATEMENT, CLEAN-UP, INVESTIGATIVE AND MONITORING COSTS, AND ANY OTHER RELATED COSTS AND EXPENSES.** Notwithstanding anything to the contrary contained herein, the representations and warranties in this Section shall be deemed remade as to each Lot as of the Closing on each such Lot, and such representations and warranties and the indemnification provision in this Section shall survive Closing and shall not be merged therein.

8.02. **Existing Environmental Reports.** Seller shall, within fifteen (15) days after the Effective Date, provide to Buyer copies of all reports, studies, and other materials which Seller possesses or controls, and which have not been previously received by Buyer, which pertain to the environmental condition of the Property and the property in the vicinity of the Property (collectively, the "*Existing Environmental Reports*").

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ARTICLE IX REMEDIES

9.01. **Seller's Remedies.** If Seller fulfills all of Seller's obligations pursuant to this Contract and, should Buyer breach any term of this Contract, Seller shall be entitled, as Seller's sole and exclusive remedy, to (i) waive the contractual obligations of Buyer in writing; (ii) extend the time for performance by such period of time as may be mutually agreed upon in writing by the Parties; or (iii) terminate this Contract as to all unpurchased Lots and retain or receive the Earnest Money then on deposit as liquidated damages for such default and not as a penalty, in which event the Parties shall be released herefrom and have no further rights, obligations, or responsibilities hereunder. The Parties agree that (a) ascertaining the amount of actual damages in the event of such default is difficult; (b) it is impossible more precisely to estimate the damages to be suffered by Seller upon Buyer's default at different times during the term of this Contract; (c) such payment of Earnest Money is intended not as a penalty, but as full liquidated damages; and (d) the amounts of Earnest Money held at different times during the term of this Contract constitute good faith estimates of the potential damages arising from default by Buyer hereunder at those times.

9.02. **Buyer's Remedies.** If Seller defaults in performing Seller's obligations hereunder for any reason other than Buyer's default, or if Seller otherwise breaches any representation or warranty hereunder, then Buyer may (i) waive the contractual obligations of Seller in writing; (ii) extend the time for performance by such period of time as may be mutually agreed upon in writing by the Parties; (iii) terminate this Contract and receive a return of the Earnest Money then on deposit; or (iv) enforce specific performance of this Contract; provided, however, that if the remedy of specific performance is not available for any reason, then Buyer may seek any other remedy available to Buyer at law or in equity. Buyer's remedies are cumulative. Nothing in this Section shall limit any other rights or remedies expressly provided to Buyer in this Contract.

9.03. **Attorneys' Fees.** If Seller or Buyer breaches any of the terms, provisions, warranties, representations, covenants, or agreements contained in this Contract and Seller and Buyer become involved in litigation with regard to breach hereof, the prevailing Party shall be entitled to be paid its reasonable attorneys' fees.

9.04. **Remedies after the Initial Closing.** Except as otherwise expressly provided in this Contract, Buyer and Seller intend that no suit for damages may be brought with respect to any aspect of the transaction contemplated herein and the sole remedies of Seller and Buyer are set out in Sections 9.01 and 9.02 above, except however, that from and after the Initial Closing, each Party shall have the right to pursue its actual damages against the other Party (i) for a breach of any covenant or agreement contained herein that is performable after or that survives any Closing (including the indemnification obligations of the Parties contained this Contract, but excluding any obligation to purchase Lots), and (ii) for a breach of any representation or warranty made by the other Party in this Contract. If the Initial Closing does not occur, (A) each Party shall have its respective rights and remedies under Sections 9.01 and 9.02, as applicable, and (B) each Party shall have all available remedies against the other Party for a breach of the other Party's obligations contained in this Contract that are expressly provided herein as surviving the termination of this Contract.

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9.05. **Limitation on Damages.** In no event shall either Party be liable to the other Party for (and each Party hereby waives all rights to) any speculative, consequential, or punitive damages for any breach of or default under this Contract or under any other provision of this Contract.

ARTICLE X
NOTICE AND RIGHT TO CURE

Each Party shall be entitled to written notice of any default and shall have fifteen (15) days after receipt of such notice to cure such default prior to the exercise of any remedy provided herein; provided, however, during the pendency of any default by Seller and any applicable cure period, Buyer's obligations to purchase Lots in accordance with the Closing requirements and the Takedown Periods of Article IV shall abate, and (i) Additional Consideration shall cease to accrue on the Lots; (ii) Buyer's liability for HOA Dues shall abate, and (iii) Buyer's liability for taxes on Remaining Lots shall abate. Seller agrees to cooperate with Buyer in any and all attempts by Buyer to cure any default within the default cure period.

ARTICLE XI
MORATORIUM OR GOVERNMENTAL DELAYS

If the City, County or any other applicable Governmental Authority declares or effects any moratorium on the issuance of building permits for the construction of houses, or Certificates of Occupancy for those houses, or the purchase of sewer and/or water taps, or public school attendance rights, which moratorium is applicable to the Property or any portion thereof, and, as a result of such moratorium, the applicable Governmental Authority will not issue permits for the construction and/or purchase of sewer and/or water taps for houses to be erected upon the Property or Certificates of Occupancy for those houses, or will not permit attendance in the applicable school district or attendance zone in effect as of the Effective Date, then, in such event, Buyer's obligations to purchase Lots in accordance with the Closing requirements and Takedown Periods of Article IV shall abate, Additional Consideration shall cease to accrue on the Lots, and Buyer's liability for taxes on Remaining Lots shall abate. Upon the discontinuation of any such moratorium, the Closing obligations, Takedown Periods, Additional Consideration, and tax liability for Remaining Lots shall resume as of that date and continue as per the provisions of this Contract. If, however, such moratorium shall last longer than ninety (90) days, Seller or Buyer shall each have the right, but not the obligation, to terminate this Contract. In the event of such termination by either Seller or Buyer, the Earnest Money then on deposit shall be refunded to Buyer. Notwithstanding the foregoing, if Seller notifies Buyer of Seller's election to terminate this Contract pursuant to this Article IV Buyer shall have the right to waive this Article XI as it applies to such moratorium by delivering written notice thereof to Seller within ten (10) days of Buyer's receipt of Seller's termination notice hereunder. Upon Buyer's delivery of such waiver notice to Seller, Seller's termination notice and election shall be deemed waived and revoked as if such termination notice had never been given whereupon the Closing obligations, Takedown Periods, Additional Consideration, tax liability with respect to Remaining Lots shall resume as of that date and continue as per the provisions of this Contract.

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ARTICLE XII
COMMISSION

Seller and Buyer each hereby warrant and represent to the other that no brokers, agents, finders' fees or commissions, or other similar fees, are due or arising in connection with the entering into of this Contract, the sale and purchase of the Property, or the consummation of transactions contemplated herein. **SELLER AND BUYER EACH HEREBY AGREE TO INDEMNIFY AND HOLD THE OTHER HARMLESS FROM AND AGAINST ALL LIABILITY, LOSS, COST, DAMAGE, OR EXPENSE (INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES AND COSTS OF LITIGATION) WHICH THE OTHER PARTY SHALL SUFFER OR INCUR BECAUSE OF ANY CLAIM BY A BROKER, AGENT, OR FINDER CLAIMING BY, THROUGH, OR UNDER SUCH INDEMNIFYING PARTY, WHETHER OR NOT SUCH CLAIM IS MERITORIOUS, FOR ANY COMPENSATION WITH RESPECT TO THE ENTERING INTO OF THIS CONTRACT, THE SALE AND PURCHASE OF THE PROPERTY, OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREIN.**

ARTICLE XIII
NOTICE

Except as provided below with respect to the Notice of Suitability, any notice authorized, required, or permitted to be given hereunder shall be deemed to have been given upon the depositing of such notice in the United States mail, postage prepaid, certified mail or registered mail, return receipt requested, or via email with confirmed receipt, and properly addressed to the Party to be notified at the following address, or by facsimile transmission to the other party:

If to Buyer: Continental Homes of Texas, L.P.
Attn: Mr. Adib R. Khoury
10700 Pecan Park Blvd., Suite 400
Austin, Texas 78750
Phone: 512.533.1514; Fax: 512.533.1429
E-mail: arkhoury@drhorton.com
alee@drhorton.com

With copies to: Ted I. Harbour
Senior Vice President and Chief Legal Officer
D.R. Horton, Inc.
1341 Horton Circle
Arlington, Texas 76011
Phone: (817) 390-8200
Fax: (817) 928-6120
E-mail: tharbour@drhorton.com

Timothy C. Taylor, Esq.
Jackson Walker L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701-4042
Phone: 512.236.2390; Fax: 512.391.2150
E-mail: ttaylor@jw.com

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If to Seller: Forestar (USA) Real Estate Group Inc.
Attn: Ian Cude
10700 Pecan Park Blvd., Suite 150
Austin, Texas 78750
Phone: (512) 433-5227
Fax: (512) 433-5201
E-mail: IanCude@forestargroup.com

With copies to: Forestar (USA) Real Estate Group Inc.
Legal Department
Attn: Matthew Stark
10700 Pecan Park Blvd., Suite 150
Austin, Texas 78750
Phone: (512) 433-5212
Fax: (512) 433-5201
E-mail: mattstark@forestargroup.com

(a) Any Party may, from time to time and at any time, change its address by giving ten (10) days' written notice to the other Party of such change of address in the manner set forth above.

(b) The Parties expressly acknowledge and agree that the Notice of Suitability may be transmitted by Buyer to Seller by electronic scanning and e-mail or by facsimile. Delivery of the Notice of Suitability by any methods described above shall also be valid.

ARTICLE XIV **BUYER'S RIGHT IN FUTURE PHASES**

14.01. Option.

(a) Future Phases Proceeding to Development. If future phases of the Subdivision are owned, acquired or developed by Seller (which term for purposes of this Article XIV shall include any affiliate of Seller) (any such future phases being referred to herein individually as a "Future Phase" and collectively as "Future Phases" as the context may require), then Buyer is hereby granted a first and superior option to purchase up to fifty percent (50%) of any residential lots in such Future Phase for a cash purchase price equal to the then current fair market value of such lots, as reasonably determined and agreed to by Seller and Buyer. At such time as Seller is prepared to develop or sell a Future Phase, Seller will provide written notice thereof to Buyer, which notice shall include a preliminary plat of the lots in such Future Phase to Buyer and offer to develop and sell such lots to Buyer (the "14.01 Notice"). Within fifteen (15) days after Buyer's receipt of the 14.01 Notice, Buyer will designate the lots in such Future Phase (up to fifty percent (50%)) that Buyer will purchase ("Buyer's Future Lots"). If the final plat for such Future Phase materially differs from the preliminary plat submitted to Buyer, then Seller will provide such final plat to Buyer, and within fifteen (15) days after receipt, Buyer will have the right to change its designation (including the number) of Buyer's Future Lots. The purchase and sale agreement for Buyer's Future Lots shall be in substantively the same form of this Contract, adjusted as necessary to reflect the purchase price of Buyer's Future Lots.

(b) INTENTIONALLY DELETED.

(c) INTENTIONALLY DELETED.

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14.02. **Buyer's First Rights in Future Phases.** Buyer will additionally have a right of first offer and a right of first refusal ("*First Rights*") in fifty percent (50%) of the land and lots in each Future Phase (collectively, the "*First Right Property*").

(a) **Right of First Offer.** Prior to Seller offering any First Right Property for sale to any third party (such First Right Property being referred to herein as the "*Offered Property*"), Seller will first offer to sell the Offered Property to Buyer by giving written notice thereof to Buyer (a "*ROFO Notice*"). The ROFO Notice will specify the purchase price for the Offered Property, it being the understanding of the Parties that the purchase price will be based on the then current fair market value of the Offered Property, the purchase and sale agreement for the Offered Property (the "*PSA*") will be in substantively the same form as this Contract, and the time periods for the feasibility period, closings and takedown of the Offered Property will be similar to those in this Contract. Within fifteen (15) days after Buyer's receipt of the ROFO Notice, Buyer shall notify Seller in writing whether or not Buyer desires to purchase the Offered Property in accordance with the purchase price set forth in the ROFO Notice and the other terms of this Section 14.02(a), and the date on which Buyer gives such written notice to Seller is "*Buyer's ROFO Notice Date*".

(b) **Right of First Refusal.** If Seller receives a bona fide third party offer to purchase all or any of the First Right Property (such First Right Property also being referred to herein as the "*Offered Property*") which is acceptable to Seller (a "*Third Party Offer*"), Seller will give Buyer written notice of such Third Party Offer (a "*ROFR Notice*"), stating the basic terms and conditions of the Third Party Offer and the date on which the sale of the Offered Property will occur, which will be accompanied by copies of any written proposals or letters of intent evidencing the Third Party Offer (and if Seller has agreed upon the form of contract that Seller is willing to execute, a copy of such contract). Within fifteen (15) days after Buyer's receipt of the ROFR Notice, Buyer shall notify Seller in writing whether or not Buyer desires to purchase the Offered Property for the terms recited in the ROFR Notice, and the date on which Buyer gives such written notice to Seller is "*Buyer's ROFR Notice Date*".

(c) **Negotiation of Contract.** If Buyer elects to purchase the Offered Property for the terms set forth in the ROFO Notice, Seller and Buyer will enter into a PSA conforming to the requirements of Section 14.02(a) within thirty (30) days after Buyer's ROFO Notice Date. If Buyer elects to purchase the Offered Property for the terms set forth in the ROFR Notice, Seller and Buyer will use commercially reasonable efforts to negotiate a PSA reasonably acceptable to Seller and Buyer within thirty (30) days after Buyer's ROFR Notice Date, using substantively the same form as this Contract, but revised to reflect the applicable business terms and other material terms as may be set forth in the ROFR Notice; provided, however, in no event will Buyer's inspection period in the PSA be less than forty-five (45) days.

(d) **Seller Rights with Respect to Offered Property.** If Buyer does not timely respond to a ROFO Notice or ROFR Notice electing to purchase the Offered Property on the terms contained therein and herein, or if Seller and Buyer have not agreed on the terms of the PSA within the above thirty (30) day time period, then Seller may proceed to sell the Offered Property to a third party on material terms no more favorable to the purchaser than those set forth in the ROFO Notice or ROFR Notice, as applicable, free and clear of Buyer's rights under this Section 14.02, subject to the reinstatement of Buyer's First Right as provided in Section 14.02(f) below.

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(e) Revised Offers. If, after Buyer has declined to exercise Buyer's First Right with respect to any Offered Property, Seller desires to sell the Offered Property to any third party for a purchase price less than that submitted to Buyer in the ROFO Notice or ROFR Notice or on other material terms less favorable to Seller than the material terms set forth in the ROFR Notice or accompanying documents ("*Revised Terms*"), then Seller must offer the Offered Property to Buyer on such Revised Terms. Buyer shall have five (5) Business Days thereafter in which to elect to purchase the Offered Property on the Revised Terms.

(f) Reinstatement of First Right. If Seller has not entered into a written contract with a third party for the sale and purchase of the Offered Property (a "*Third Party Contract*") within ninety (90) days following Buyer's election (or deemed election) not to purchase the Offered Property, or if an executed Third Party Contract is terminated by either party thereto for any reason, including without limitation as a result of the other party's default under such Third Party Contract, then Buyer's First Right under this Section 14.02 will be reinstated. Seller agrees to promptly provide to Buyer a copy of any Third Party Contract executed with respect to any Offered Property.

(g) Default. If Seller and Buyer enter into any PSA with respect to Offered Property or any portion thereof pursuant to Buyer's First Right, and if Buyer defaults under the terms of such PSA (after the expiration of any notice and cure periods) or Buyer terminates such PSA during its inspection or feasibility period thereunder, then Buyer's First Right with respect to the Offered Property will terminate and be null and void, and Buyer will have no further First Rights in the applicable Future Phase. If Seller and Buyer enter into any PSA with respect to Offered Property or any portion thereof pursuant to Buyer's First Right, and if Seller defaults under the terms of such PSA (after the expiration of any notice and cure periods), then Buyer's First Right will remain in full force and effect with respect to the subject Offered Property and the remainder of the Future Phase.

(h) Material Terms. As used in this Section 14.02, the "*material terms*" of a contract or ROFR Notice will mean and include the following terms: (i) the purchase price and terms of payment thereof; (ii) other fees or amounts payable by the purchaser, such as marketing fees, amenity fees, fence fees or transfer fees; (iii) the method of escalation of the purchase price or any portion thereof including, without limitation, the interest rate, accrual rate or other method of calculating such escalation; (iv) the number of lots or acres which are the subject of such contract or offer; (v) the amount of earnest money required, the holder of such earnest money (for example, whether it is required to be released) and the manner and timing of the credit or return of the earnest money; (vi) differences or changes in the closing date (for a single closing) or takedown schedule (for multiple closings) of more than sixty (60) days in the aggregate; (vii) for multiple closings, the number of acres or lots required to be purchased at each closing and credits against future takedown requirements for accelerated purchases; (viii) allocation of responsibility among the parties for payment of impact fees, capital recovery fees and related or similar fees; (ix) the length of the feasibility period or inspection period; (x) architectural and construction requirements, including landscape requirements; (xi) allocation of responsibility for, and the obligations and timing with respect to, amenities and improvements including completion thereof and payment therefor; (xii) allocation of any shared development costs or obligations; (xiii) allocation of any reimbursements or credits; (xiv) allocation of ad valorem taxes, HOA dues

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and other assessments; (xv) allocation of rollback taxes; (xvi) any obligations required to be assumed by the purchaser; and (xvii) the remedies of each party. Notwithstanding foregoing, the financial terms described in this Section 14.02 may be increased or decreased without constituting a "material change" unless the overall financial terms, in the aggregate, offered to or by a third party purchaser result in an overall cost of less than ninety-five percent (95%) of the overall cost offered to Buyer in any ROFO Notice or ROFR Notice.

14.03. **Term.** The term of this Article XIV shall commence on the Effective Date and shall end, as to any Buyer's Future Lot, Future Phase or First Right Property, on the later of the date (a) Buyer, any Affiliate of Buyer or any other permitted assignee of Buyer acquires such lot or (b) Buyer waives its rights in said lot. Notwithstanding the immediately preceding sentence, Buyer must close any Buyer's Future Lot, Future Phase or First Right Property acquired pursuant to the applicable terms of this Article XIV, if at all, within twenty (20) years and eleven (11) months after the last to die of George Walker Bush (the 43rd President of the United States) and all of the children of George Walker Bush that are living as of the Effective Date.

14.04. **Legal Description of Subdivision.** The Subdivision, as the same currently exists, is legally described in Exhibit "D" attached hereto and incorporated herein by this reference.

14.05. **Memorandum of Buyer's Rights in Future Phases.** Within five (5) Business Days following receipt of written request from Buyer, Seller shall execute a short-form memorandum ("*Memorandum*") of Buyer's rights in any Buyer's Future Lot, Future Phase or First Right Property pursuant to this Article XIV in a recordable form reasonably acceptable to Buyer, which Buyer may record in the Official Public Records of the County. Upon any written request from Seller, Buyer shall execute, in recordable form, partial releases from the Memorandum as reasonably necessary or appropriate to release from the Memorandum those portions of the Subdivision that Seller is conveying to other, third-party buyers; provided, however, that Buyer will have no obligation to deliver any such partial release to Seller if Seller has committed an uncured default under (i) this Contract or (ii) those portions of the Master Supply Agreement that pertain to Buyer's rights in any Future Lot or Future Phase.

14.06. **Applicability.** Notwithstanding anything to the contrary contained in this Article XIV, the provisions of this Article XIV shall not apply to any Future Phase unless Buyer or any Affiliate of Buyer purchased at least twenty-five percent (25%) of the lots in the Immediately Preceding Phase. The term "*Immediately Preceding Phase*" means the phase of the Subdivision of which the Lots are a part, if the Future Phase is the first Future Phase, and if not, then such term shall mean the immediately preceding Future Phase.

ARTICLE XV **MISCELLANEOUS PROVISIONS**

15.01. **Relationship of the Parties.** Seller and Buyer agree as follows:

(a) The Parties will each reasonably cooperate with each other, their employees, and agents to facilitate the purchase of Lots by Buyer under the terms and conditions herein set forth.

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(b) Nothing contained herein is intended to create, nor shall it ever be construed to make, Seller and Buyer partners or joint venturers.

(c) Unless otherwise specified in this Contract, any consent requested or required by one Party under the terms of this Contract shall not be unreasonably withheld or delayed by the other Party hereto.

15.02. **Condemnation.** If condemnation proceedings are commenced against any portion of the Property prior to Closing, then Buyer may: (i) terminate this Contract, in whole or only with respect to the Lots affected by the condemnation proceedings, by written notice to Seller within thirty (30) days after Buyer is advised of the condemnation proceeding and the Earnest Money (or the applicable portion thereof) shall be refunded to Buyer; or (ii) appear and defend Buyer's interests in the condemnation proceeding and any award in condemnation shall, at Buyer's election, become the property of Seller and the aggregate Purchase Price for the unaffected Lots shall be reduced by the same amount or the condemnation award shall become the property of Buyer and the Purchase Price for the unaffected Lots shall not be reduced; provided, however, if the condemnation affects ten percent (10%) or less of the Lots then remaining under this Contract, then Buyer may only terminate this Contract with respect to the affected Lots.

15.03. **Casualty.** If any of the Lots are damaged or destroyed, then Buyer may (i) terminate this Contract, in which case the Earnest Money shall be refunded to Buyer, or (ii) Buyer may elect to terminate this Contract as to some or all of the damaged Lots, in which case the applicable portion of the Earnest Money will be refunded to Buyer, or (iii) Buyer may elect to extend this Contract and allow Seller time to repair and restore the Lots. If any subdivision infrastructure or improvements (such as, by way of example but not limitation, streets, entry features, amenities, utility infrastructure, and, street lighting and signage) for the Subdivision are damaged or destroyed, and Seller does not repair or replace such damaged or destroyed improvements within a reasonable amount of time after such casualty, then Buyer may (i) terminate this Contract, in which case the Earnest Money shall be refunded to Buyer, or (ii) Buyer may elect to terminate this Contract as to the Lots or section or phase of Lots impacted by the damaged subdivision improvements, in which case the applicable portion of the Earnest Money will be refunded to Buyer, or (iii) Buyer may elect to extend this Contract and allow Seller time to repair and restore the subdivision improvements. In either the case of a casualty impacting Lots or subdivision improvements, if Buyer elects to extend this Contract, then Buyer may set forth in a written notice to Seller a list of items to be repaired, replaced or restored and a reasonable deadline by which any repair or restoration must be completed, and, if not completed by such deadline, then Buyer may resort to its other remedies under this Section; provided, however, if the casualty or damage affects ten percent (10%) or less of the Lots then remaining under this Contract, then Buyer may only terminate this Contract with respect to the affected Lots.

15.04. **Survival of Contractual Provisions; Binding Effect.** Seller and Buyer agree as follows:

(a) All of the representations, warranties, covenants, and agreements made by Seller and by Buyer shall survive the Closing(s) and shall not be merged therein for the benefit of Buyer and Seller and their respective legal representatives, successors, and assigns.

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(b) Any covenant or agreement herein which contemplates performance after the time of Closing of the sale of any Lot pursuant hereto shall not be deemed to be merged into or waived by the instruments of the respective Closing, but shall expressly survive such Closing and be binding upon the Parties obligated thereby.

(c) The terms, provisions, warranties, representations, covenants, and agreements contained in this Contract shall apply to, be binding upon, and inure to the benefit of, the Parties and their respective legal representatives, successors, and assigns.

15.05. **Construction, Interpretation, and Severability.** Seller and Buyer agree as follows:

(a) Time is of the essence in the performance of this Contract.

(b) **THIS CONTRACT SHALL BE GOVERNED AND INTERPRETED UNDER THE LAWS OF THE STATE.**

(c) The section and paragraph headings used in this Contract are for convenience purposes only, and shall not be used in the interpretation of this Contract.

(d) Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

(e) All exhibits attached hereto are incorporated herein by reference and made a part of this Contract.

(f) Failure of Seller or Buyer to insist in any one or more instances upon the performance of any of the covenants, agreements, and/or conditions of this Contract, or to exercise any right or privilege herein conferred shall not be construed as a waiver of any such covenant or condition.

(g) This Contract contains the entire agreement between the Parties relating to the Lots, and neither Party shall be bound by any verbal statement or agreement.

(h) The terms and provisions of this Contract are severable, and if any provision, term, or part hereof or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be illegal, unenforceable, invalid, or unconstitutional for any reason, the remainder of this Contract and the application of such provisions or part hereof to other persons or circumstances shall not be affected thereby. This Contract and its interpretation and enforcement shall be affected only as to the application of any such items, terms, or provisions deemed illegal, unenforceable, invalid, or unconstitutional, and this Contract shall in all other respects remain in full force and effect.

(i) As used in this Contract, "days" shall mean and refer to calendar days. Not in limitation of the provisions below with respect to Permitted Deadline/Closing Days, if a deadline falls or notice is required on a Saturday, Sunday, or a legal banking holiday, then the deadline or notice shall be extended to the next calendar day which is a Business Day. In addition, the Parties agree that the Friday after Thanksgiving Day and December 24 are not Business Days.

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15.06. **Miscellaneous Provisions.** Seller and Buyer agree as follows:

(a) **Counterparts and Execution.** This Contract may be executed in any number of identical counterparts which, taken together, shall constitute collectively one agreement. The Parties acknowledge and agree that execution of this Contract may be accomplished by electronic signature utilizing DocuSign or any other mutually acceptable similar online, electronic, or digital signature technology. The Parties agree that the Notice of Suitability and any Earnest Money Note, may also be executed by Buyer (including Buyer's Authorized Officer) utilizing DocuSign or another similar online, electronic, or digital signature technology. The Parties agree that this Contract and any Earnest Money Note may be transmitted by facsimile machine or by electronic scanning and email, and the Parties intend that faxed, scanned, and electronic signatures shall constitute original signatures. A facsimile or scanned copy or any counterpart or conformed copy of this Contract and any Earnest Money Note, including use of Adobe PDF technology to merge pages and create a conformed copy of this Contract, with the signature (original, faxed, or scanned signature or permitted electronic signature) of all of the applicable required Parties shall be binding on the Parties. Except as provided in this Section 15.06(a) with respect to electronic signatures (e.g., DocuSign) and faxing, scanning, and emailing, (1) Seller and Buyer do not assent or agree to and will not be bound by any electronic record, and without limiting the foregoing, (2) Buyer and Seller agree that the Electronic Signatures in Global and National Commerce Act, any State version of the Uniform Electronic Transactions Act, including without limitation Chapter 322 of the Texas Business and Commerce Code, and any other laws applicable to contracting electronically do not and shall not apply to the execution of this Contract or any amendment hereto.

(b) **Amendment.** This Contract may only be amended, modified, or changed by a traditional written document properly executed by Seller and Buyer (including Buyer's Corporate Approval and Seller's Corporate Approval); provided, however, the provisions of Section 15.06(a) above, including without limitation execution by DocuSign or similar technology, shall apply to any such amendment. Such amendment may be transmitted by electronic scanning, email, facsimile, or any other method permitted by the provisions for counterpart execution and for the giving of notice in this Contract.

15.07. **Permitted Deadline/Closing Days.** Notwithstanding any other provision herein, any Closing under this Contract must occur on a Tuesday, Wednesday, or Thursday which is a Business Day (a "*Permitted Deadline/Closing Day*"), and if a scheduled Closing Date would otherwise occur on a day that is not a Permitted Deadline/Closing Day, then such Closing shall be extended automatically to the next day that is a Permitted Deadline/Closing Day. The term "*Horton Deadline Date*" means a date on which any funds are to be paid by Buyer under this Contract (e.g., Earnest Money) or the date on which the Feasibility Period expires and/or date on which the Notice of Suitability is due and/or date on which Buyer's Corporate Approval is due. If a Horton Deadline Date or a scheduled Closing Date falls on any date (i) between September 15th and September 30th, inclusive, then the Horton Deadline Date and/or the Closing Date, as applicable, shall be extended automatically to the next Permitted Deadline/Closing Day in October, or (ii) between December 18th, and January 5th, inclusive, then the Horton Deadline Date and/or the Closing Date, as applicable, shall be extended automatically to the next Permitted Deadline/Closing Day in January.

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15.08. **Assignability.** Buyer may not assign or transfer this Contract without Seller's prior written consent, which consent will not be unreasonably withheld, conditioned, or delayed; provided, however, that Buyer, without Seller's approval or consent, may assign its interest in this Contract to any Affiliate of Buyer. Seller shall not assign its rights or obligations without the prior written consent of Buyer, and any purported assignment shall be void and without effect. Seller acknowledges that Buyer is entering into this Contract to purchase finished lots from Seller because of and in reliance upon Seller's experience, knowledge, and expertise with respect to developing single family residential lots. "Affiliate", as used in this Section, is as defined by the rules and regulations of the Securities and Exchange Commission.

15.09. **Notice of Obligation Related to Public Improvement District.** If the Property is in a public improvement district, Section 5.014, Texas Property Code, requires Seller to notify Buyer as follows: As a Buyer of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Subchapter A, Chapter 372, Local Government Code, or Chapter 382, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.

15.10. **Buyer's Corporate Approval.** Notwithstanding anything contained herein to the contrary, neither this Contract nor any Amendment hereto shall be a valid and enforceable obligation of Buyer unless the Contract or Amendment is executed by one of Donald R. Horton, David V. Auld, Bill W. Wheat, Michael J. Murray, or Rick L. Horton, each officers of Buyer, or if applicable, Buyer's general partner (the "Buyer Authorized Officers"), within thirty (30) days of the execution of this Contract or Amendment by Seller's and Buyer's local representatives. Upon obtaining such Buyer's Corporate Approval, Buyer shall provide to Seller a copy of this Contract with execution by a Buyer Authorized Officer by either fax, electronic scan and email, or other delivery method permitted in Article XIII of this Contract within twenty-five (25) days after the date of execution of this Contract or Amendment by Seller and Buyer's representatives. If this Contract is not signed by a Buyer Authorized Officer within such 30-day period, then any and all Earnest Money which may have been deposited by Buyer will be returned to Buyer. Such execution and approval by a Buyer Authorized Officer is referred to as "Buyer's Corporate Approval".

15.11. **Seller's Corporate Approval.** Notwithstanding anything contained herein to the contrary, neither this Contract nor any Amendment hereto shall be a valid and enforceable obligation of Seller unless the Contract or Amendment is executed by either one of Donald J. Tomnitz, Daniel C. Bartok, Matthew Stark, or Ian J. Cude, each officers of Seller (the "Seller Authorized Officers"), within thirty (30) days of the execution of this Contract or Amendment by Seller's and Buyer's local representatives. Upon obtaining such Seller's Corporate Approval, Seller shall provide to Buyer a copy of this Contract with execution by a Seller Authorized Officer by either fax, electronic scan or email, or other delivery method permitted in Article XIII of this Contract. If this Contract is not signed by a Seller Authorized Officer within such 30-day period, then this Contract shall automatically terminate and any and all Earnest Money which may have

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been deposited by Buyer will be returned to Buyer. Such execution and approval by a Seller Authorized Officer is referred to as "*Seller's Corporate Approval*".

15.12. **Memorandum of Contract.** Upon ratification of this Contract pursuant to Section 15.10 and Section 15.11 above, Seller shall execute a short-form memorandum of this Contract in recordable form prepared by Buyer and reasonably acceptable to Seller (the "*Memorandum of Contract*"), which Buyer may record in the County real property records. Such Memorandum of Contract shall include, among other things, a summary of Buyer's rights in. Seller shall deliver its executed counterpart of the recordable Memorandum of Contract within five (5) Business Days after receipt of the Memorandum of Contract from Buyer.

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SELLER SIGNATURE PAGE TO PURCHASE AND SALE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the dates set forth below.

SELLER:


Forestar (USA) Real Estate Group Inc.,
a Delaware corporation

By: 
Name: Don Capps
Title: Senior Vice President
Date: 11/6/2020
Seller's Tax ID No.: 74-1213024

Executed by the undersigned Seller Authorized Officer on the date set forth below pursuant to Section 15.11 of the Contract.

CORPORATE APPROVAL – SELLER:

Forestar (USA) Real Estate Group Inc.,
a Delaware corporation

By: 
Name: DANIEL C BARWICK
Title: CEO
Date: 11/6/2020

[BUYER'S SIGNATURE ON FOLLOWING PAGE]

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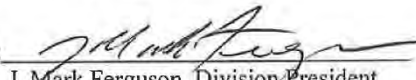
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BUYER SIGNATURE PAGE TO PURCHASE AND SALE AGREEMENT

BUYER:

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: 
J. Mark Ferguson, Division President

By: 
Adib R. Khoury, Assistant Secretary


Date: 12.11.20

Executed by the undersigned Buyer Authorized Officer on the date set forth below pursuant to Section 15.10 of the Contract.

CORPORATE APPROVAL – BUYER:

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: 
Name: Bill W. Wheat
Title: Chief Financial Officer

Date: 12/22/2020

[TITLE COMPANY RECEIPTS ON FOLLOWING PAGE]

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Title Company Receipts and Information

The undersigned Title Company hereby acknowledges receipt of a copy of this Contract.

TITLE COMPANY:

DHI Title Agency

Date: _____
(the "Effective Date")

By: _____
Name: _____
Title: _____

Address:

DHI Title Agency
Attn: Ms. Janet H. Lucas
10700 Pecan Park Blvd., Suite 130
Austin, Texas, 78750
Phone: 512.219.3424
Fax: 844.543.6911

The undersigned Title Company hereby acknowledges receipt of the Earnest Money, and agrees to hold and dispose of the Earnest Money in accordance with the provisions of this Contract.

DHI Title Agency

Date: _____

By: _____
Name: _____
Title: _____

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EXHIBIT "A"



NOTE: the lots shaded blue are "Forestar Reserve Lots" and not subject to this Contract.

Exhibit "A"

PURCHASE AND SALE AGREEMENT
26406020v.8

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Manor Heights

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PURCHASE AND SALE AGREEMENT
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Exhibit "A"

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Manor Heights

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EXHIBIT "B"

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

DEED WITH LIMITED WARRANTY OF TITLE

STATE OF [*STATE] §
 COUNTY OF [*COUNTY] §

KNOW ALL BY THESE PRESENTS:

THAT **Forestar (USA) Real Estate Group Inc.**, a Delaware corporation ("*Grantor*"), for and in consideration of certain good and valuable consideration, received from of **Continental Homes of Texas, L.P.**, a Texas limited partnership ("*Grantee*"), whose address is _____, the receipt and sufficiency of which consideration is hereby acknowledged by Grantor, has GRANTED, BARGAINED, AND CONVEYED, and by these presents does hereby GRANT, BARGAIN, AND CONVEY unto Grantee all of the land ("*Land*") located in [*County] County, [*State], which is more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes, together with all improvements and fixtures thereon and all rights and appurtenances pertaining thereto, together with all right, title, and interest of Grantor, if any, in and to all streets, alleys, or rights-of-way adjacent to said Land, water wells, strips and gores, and easement rights benefiting said Land, entitlements, water rights, sanitary sewer rights and capacity, access rights, rebates, credits, refunds, licenses, certificates, warranties, and guarantees affecting or relating to the Land or any of the above-referenced property or property rights (hereinafter collectively referred to as the "*Property*");

[NOTE: CONSIDER WHETHER THE FOLLOWING SHOULD BE SPECIFIC EXCEPTIONS THAT EXACTLY MATCH THOSE IN GRANTOR'S OWNER TITLE POLICY.] SUBJECT, HOWEVER, to taxes for the year [*20__] and subsequent years, and SUBJECT MOREOVER, to all restrictions, covenants, conditions, rights-of-way, assessments, outstanding mineral and royalty reservations, easements, and other matters affecting the Property that are valid, existing, and properly of record, to the extent same are listed as exceptions in the Policy (hereafter defined) or expressly entered into by Grantor after the date of the Policy (the "*Permitted Exceptions*").

TO HAVE AND TO HOLD the Property, subject to the Permitted Exceptions, unto Grantee, Grantee's successors and assigns, forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND the Property, subject to the Permitted Exceptions, unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof IN ACCORDANCE WITH, AND STRICTLY LIMITED BY, THE FOLLOWING SPECIFIC LIMITED WARRANTY OF TITLE AND NOT OTHERWISE, SUCH SPECIFIC LIMITED WARRANTY, AS HEREINAFTER SET FORTH, BEING THE ONLY WARRANTY OF TITLE MADE HEREUNDER BY GRANTOR.

Exhibit "B"

PURCHASE AND SALE AGREEMENT
 26406020v.8

Page 1

Manor Heights

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LIMITED WARRANTY OF TITLE

SUBJECT TO the limitations set forth in the immediately following paragraph, Grantor shall pay to Grantee (but not any transferee, successor or assign of Grantee) any loss that Grantee (but not any such transferee, successor or assign) may sustain by reason of defects, liens or encumbrances existing prior to or at the date of that certain Owner Policy of Title Insurance ("*Policy*"), dated [*Policy Date*], issued by [*Title Agent*], as agent for [*Title Underwriter*] ([*Policy No.*) to Grantor in connection with Grantor's acquisition of the Property (among other property covered by the Policy), and which defects, liens and encumbrances are not excluded from coverage of the Policy by the exclusions from coverage, conditions and stipulations, or title exceptions stated in the Policy; such payment and sole liability hereunder on the part of Grantor not to exceed the lesser of (i) the amount of insurance of the Policy stated therein, as reduced by any proceeds of insurance paid by the insurer prior to payment in respect of the loss sustained by Grantee, or (ii) the amount actually paid by the insurer in respect of the loss sustained by Grantee.

Notwithstanding the provisions of the immediately preceding paragraph, under no circumstances shall Grantor be liable to Grantee or any person for any sum which is not recoverable or payable to Grantor under the warrantor's coverage provisions of the Policy or for any loss or claim which is outside or otherwise barred by the Policy; it being the strict intention of Grantor to limit Grantor's exposure to any loss incurred by reason of the breach by Grantor of the warranty above stated to those sums payable to Grantor under the Policy as a warrantor's policy and not otherwise.

IN ADDITION TO the warranty set forth above, Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property, subject to the said Permitted Exceptions, unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

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Exhibit "B"

PURCHASE AND SALE AGREEMENT
26406020v.8

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Manor Heights

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Executed as of the date set forth below, to be effective as of the ___ day of _____, _____.

GRANTOR:

Forestar (USA) Real Estate Group Inc.
(a Delaware corporation)

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me, the undersigned authority, this ___ day of _____, 20__, by _____, _____ Forestar (USA) Real Estate Group Inc., a Delaware corporation, on behalf of said corporation.

[SEAL]

Notary Public, State of _____

After Recording, Please Return To:

Timothy C. Taylor, Esq.
JACKSON WALKER L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701-4042

Exhibit "B"

PURCHASE AND SALE AGREEMENT
26406020v.8

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EXHIBIT "C"

ASSIGNMENT

THIS ASSIGNMENT is executed this ____ day of _____, 20__, by **Forestar (USA) Real Estate Group Inc.**, a Delaware corporation ("*Assignor*") in favor of and for the benefit of **Continental Homes of Texas, L.P.**, a Texas limited partnership ("*Assignee*").

Concurrently herewith, Assignor is conveying the following described property to Assignee, such property being that certain land lying and being situated in Travis County, Texas, described as follows (the "*Land*"):

[Insert description]

Assignor desires to assign, transfer and convey to Assignee certain rights and property interests associated with and related to the Land, as more fully set forth herein.

THEREFORE, FOR \$10.00 and other good and valuable consideration, the receipt and sufficiency of which Assignor acknowledges, Assignor does hereby GRANT, BARGAIN SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, AND DELIVER to Assignee, its successors and assigns, the following (the "*Assigned Properties*"):

1. Appurtenances. All of Assignor's rights and appurtenances to the Land, including, without limitation, any right, title, and interest of Assignor in and to any and all easements, and adjacent streets, waterways, roads, alleys, or rights-of-way, open or proposed, and all rights, titles, and interests of Assignor in and to any reversionary rights, if any, attributable or appurtenant to the Land;
2. Surveys and Reports. All surveys of the Land, all engineering, soils, seismic, geological, and environmental, reports or studies of or related to the Land, and any certificates and other technical descriptions of or related to the Land;
3. Warranties. All warranties, guaranties, and indemnities received from third parties, and all claims, demands and causes of action against third parties, but only to the extent they are for the benefit of, and applicable to, the Land or the owner thereof, including, without limitation, any warranties, guaranties, indemnities, contractual rights, claims, demands, and causes of action pertaining to the development, construction, design, or completion of the Land and/or the common areas, streets, utilities, or other subdivision infrastructure;
4. Plans. All plans, working drawings, engineering data, and specifications for the construction of and/or improvement to streets, utilities, drainage facilities, and other subdivision improvements and infrastructure on the Land and otherwise related to the development of the Land (the "*Plans*");
5. Development Rights. Any and all applications, permits, approvals, and licenses; letters of credit, deposits, and other fiscal security; utility service commitments, rights, allocations, taps, and connections; living unit equivalents; capital improvement contracts; utility construction agreements with municipal or other public or private utilities

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(including any municipal utility or other special districts); regional detention rights; rights to refunds and reimbursements rights to credits (including without limitation impact fee credits and capital recovery fee credits) from any municipal utility district or other governmental (or quasi-governmental) authority; rights under any traffic phasing agreements or similar contracts; rights under zoning cases, preliminary plans, plats, and other development approvals; rights to receive or install water, wastewater, electricity, gas, telephone, telecommunications (including cable television and broadband, internet, and T-1, ISDN, and DSL lines, access to wireless networks, etc.), drainage, or other utilities or services, and the right to use any and all easements necessary for the construction and installation of any such utilities (including without limitation all easement rights for access and easements or other rights to construct off-site utilities in connection with the development of the Land); rights to build, construct, or install streets, driveways, or other access to the Land; rights under any declaration of covenants, conditions, and restrictions, including rights as declarant; and all other development rights, powers, privileges, options, or other benefits associated with, that pertain to, are attributable to, are appurtenant to, apply to, or which otherwise benefit the Land (but excluding any liabilities or obligations arising prior to the date hereof unless otherwise expressly agreed to by Assignee in writing); [and]

6. Awards and Proceeds. All unpaid awards or proceeds, including awards in connection with insurance and any eminent domain taking; [and]

[7. Contracts. The contracts described on Exhibit "B" attached hereto, expressly including, without limitation the [describe contract for engineering services] between Assignor and [Engineer] (the "Project Engineer"), a copy of which is attached hereto as Exhibit "B-1".]

TO HAVE AND TO HOLD the Assigned Properties unto Assignee, its successors and assigns, forever.

Assignor hereby authorizes the Assignor's engineers, land planners, or other consultants and other professionals who represented or assisted Assignor in connection with the preparation of any plans and/or the obtaining of any Development Rights to cooperate with Assignee in obtaining such information and assisting Assignee with securing right, title, and interest in the plans and Development Rights, at no cost to Assignee. Assignor and Assignee will each cooperate with each other, their employees, and agents to facilitate the purpose and intent of this Assignment including, without limitation, the providing of information and documentation that may be reasonably required for the enforcement of the rights and interests assigned hereby.

Assignor represents and warrants to Assignee that the Assigned Properties are assigned, transferred, and conveyed to Assignee free and clear of all liens, security interests, and claims and that Assignor has obtained all necessary consents and approvals for this Assignment.

Simultaneously with the execution and delivery of this Assignment, Assignor has executed and delivered to Assignee the deed conveying the land. Nothing in this Assignment shall be deemed to limit or restrict the properties, assets, and rights sold, granted, conveyed, assigned, or transferred to or acquired by Assignee by such deeds or any other specific conveyance by Assignor to Assignee.

This Assignment does not constitute an assumption of any liability or obligation by Assignee, nor shall it be deemed to impose on Assignee any liability or obligation.

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This Assignment may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective heirs, successors, assigns, and legal representatives. THIS ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF _____.

EXECUTED this _____ day of _____, 20__.

ASSIGNOR:

Forestar (USA) Real Estate Group Inc.,
a Delaware corporation

By: _____
Name: _____
Title: _____

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me, the undersigned authority, this ____ day of _____, 20__, by _____ of Forestar (USA) Real Estate Group, Inc., a Delaware corporation, on behalf of said corporation.

[SEAL]

Notary Public ★ State of Texas

After Recording, Please Return To:
Timothy C. Taylor, Esq.
JACKSON WALKER L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701-4042

PURCHASE AND SALE AGREEMENT
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Exhibit "C"
Assignment
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EXHIBIT "D"

LEGAL DESCRIPTION OF SUBDIVISION

PURCHASE AND SALE AGREEMENT
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Exhibit "D"
Legal Description of Subdivision
Page 1

Manor Heights

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EXHIBIT "E"**EARNEST MONEY NOTE**

(*, * County, Texas)

\${EM AMOUNT]

Arlington, Texas

*[date]

FOR VALUE RECEIVED, the undersigned, **Continental Homes of Texas, L.P.**, a Texas limited partnership ("*Buyer*") promises to pay to **Forestar (USA) Real Estate Group Inc.**, a Delaware corporation ("*Seller*") the sum of * AND NO/100 DOLLARS (\$*[EM amount]), with no interest, such sum to be due and payable subject to the terms of this Earnest Money Note, and subject to all of the terms and conditions of that certain Purchase and Sale Agreement, dated *, 20* (as amended from time to time, the "*Contract*"), executed by and between Forestar (USA) Real Estate Group Inc., a Delaware corporation, as Seller, and Continental Homes of Texas, L.P., a Texas limited partnership, as Buyer, covering one hundred eighty (180) single-family lots in Manor, Travis County, Texas, including, without limitation, the terms thereof which provide for a credit against the principal balance hereof of * and No/100 Dollars (\$[credit amount]) per Lot purchased at each closing under the Contract. This Earnest Money Note is the earnest money note contemplated in the Contract and represents the Earnest Money, as such term is defined in the Contract, reference to which is hereby made for all purposes. Upon the occurrence of any event under the Contract whereby Buyer is entitled to the return of the Earnest Money, then this Earnest Money Note shall be cancelled and of no further force or effect. If Seller has fulfilled all of its obligations pursuant to the Contract, and if Buyer has committed an event of default under such Contract and received proper written notice of default as set forth in such Contract, and if Buyer's right to cure under such Contract has expired without cure by Buyer, then the outstanding principal balance hereof shall thereupon be fully due and payable upon written demand by Seller to Buyer.

This Earnest Money Note shall be returned uncollected to Buyer upon the earlier of the termination of the Contract (unless under any provisions of the Contract Seller is entitled to the Earnest Money) or at the last Closing under the Contract, as described and defined in the Contract. Upon any termination of the Contract (other than as a result of Buyer's uncured default under the Contract) or upon closing of all of the Property, this Earnest Money Note shall be of no further force and effect, and Seller shall have no rights whatsoever to collect the whole or any part of this Earnest Money Note. In such event, Seller will return the original of this Earnest Money Note, if any, to Buyer endorsed or otherwise marked or stamped as "Cancelled". Not in limitation of the foregoing, upon any termination of the Contract whereby Buyer is entitled to the return of the Earnest Money under the Contract and the cancellation and discharge of this Earnest Money Note, Seller covenants and agrees that Seller will deliver to Buyer a written notice of the cancellation and discharge of this Earnest Money Note, and Buyer and Seller agree that notice of such cancellation may be delivered electronically.

Execution of this Earnest Money Note by Buyer may be accomplished by electronic signature utilizing DocuSign or any similar technology. Buyer and Seller agree that this Earnest Money Note may be transmitted by facsimile machine or by electronic scanning and email, and the parties intend that the faxed, scanned, or electronic (DocuSign) signature of Buyer shall constitute an original signature. A facsimile copy or any electronically scanned copy of this

Exhibit "E"
Earnest Money Note
 Page 1

PURCHASE AND SALE AGREEMENT
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Earnest Money Note with the signature, original, faxed, scanned, or electronic (DocuSign) of Buyer shall be binding on Buyer.

This Earnest Money Note is not assignable by Seller except in connection with a permitted assignment and assumption of the Contract, and any assignment of this Earnest Money Note must be in writing. A copy of any assignment of this Earnest Money Note must be provided to Buyer.

THE VALIDITY AND CONSTRUCTION OF THIS EARNEST MONEY NOTE AND ALL MATTERS PERTAINING HERETO ARE TO BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

THIS EARNEST MONEY NOTE SHALL NOT BE A VALID AND ENFORCEABLE OBLIGATION OF BUYER UNLESS THIS EARNEST MONEY NOTE IS EXECUTED BY EITHER ONE OF DONALD R. HORTON, DAVID V. AULD, BILL W. WHEAT, OR MICHAEL J. MURRAY, EACH AN OFFICER OF BUYER. ANY SUCH OFFICER EXECUTING THIS EARNEST MONEY NOTE IS ACTING ONLY IN A REPRESENTATIVE CAPACITY ON BEHALF OF BUYER, AND NO OBLIGATION, DUTY, OR LIABILITY OF ANY KIND SHALL BE IMPOSED UPON SUCH OFFICER BY REASON OF HIS EXECUTION OF THIS EARNEST MONEY NOTE OR ANY MODIFICATION HEREOF. SELLER COVENANTS THAT NO ACTION, SUIT, OR PROCEEDING OF ANY KIND SHALL BE BROUGHT AGAINST ANY SUCH OFFICER.

BUYER:

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: _____
Name: _____
Title: _____

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EXHIBIT "F"

TREE PERMIT

PURCHASE AND SALE AGREEMENT
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Exhibit "F"
Tree Preservation Plan
Page 1

Manor Heights

Residential Land Comparable 1



Transaction

ID	6316	Date	9/6/2020
Property Name	250 acres 6 Creeks Blvd.	Price	\$11,951,680
Property Type	Subdivision-Residential	Price per Acre	\$47,807
Address	Six Creeks Boulevard	Price per Land SF	\$1.10
City	Kyle	Financing	Cash to Seller
State	Texas	Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	R151951	Conditions of Sale	Arm's Length
Grantor	Blanco River Ranch Properties LP	Book/Page or Reference	2017034180
Grantee	HMBRR BP #2	Doc	
Legal Description	250 Acres out of Six Creeks Subdivision Phase 2, City of Kyle, Hays County, Texas		

Site

Acres	250.00	Topography	Gently Rolling
Land SF	10,890,000	Zoning	PUD
Road Frontage	Six Creeks Boulevard	Zoning District	Planned Unit Development
Shape	Irregular	Flood Zone	FEMA 48209C0265F; Zone AE
Utilities	Electric, water & sewer available	Encumbrance Or Easement	Typical utility easements
Landscaping	General brush, river	Rail	None

Comments

This property was part of a takedown agreement which was signed and the deed recorded for a total of 858.7 acres in September 2017. There was a note placed on the property to be released for this 250 acre tract which will comprise Phase 2 on September 20, 2020. This Phase 2 land includes 250 acres proposed for development with 493 single family lots. The land is partially entitled with a development agreement with the City of Kyle.

Residential Land Comparable 2



Transaction

ID	6300	Date	6/26/2020
Property Name	127 +/- Acres TX-130	Price	\$3,505,398
Property Type	Commercial	Price per Acre	\$27,500
Address	TX-130	Price per Land SF	\$0.63
City	Austin	Financing	Cash to Seller
State	Texas	Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	160
Tax ID	0210500948, 0210500951	Conditions of Sale	Arm's Length
Grantor	Decker Lake, LLC	Book/Page or Reference Doc	2020125988
Grantee	SH127, LLC	Verification	Broker
Legal Description	Reuben Hornsby Survey No. 17 and 32, & J.B. Walters Survey No. 48, Austin, Travis County, Texas		

Site

Acres	127.47	Topography	Level
Land SF	5,552,593	Zoning	OCL
Road Frontage	FM 973	Zoning District	Outside City Limits
Shape	Irregular	Flood Zone	FEMA 48453C0490K; Zone X, parial A
Utilities	Public	Encumbrance Or Easement	None Known
Landscaping	Mature trees, brush	Rail	None

Comments

None

Residential Land Comparable 3



Transaction

ID	6305	Date	11/25/2019
Property Name	US 290 & SH-130 - Tract 1	Price	\$4,686,842
Property Type	Commercial	Price per Acre	\$29,039
Address	US 290 & SH-130 - Tract 1	Price per Land SF	\$0.67
City	Austin	Financing	Cash to Seller
State	Texas	Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	1097
Tax ID	227187, 731373	Conditions of Sale	Arm's Length
Grantor	BFI Waste Systems of North America, LLC	Book/Page or Reference Doc	2019185923
Grantee	Cooper Milly Holdings, LLC	Verification	Broker
Legal Description	William H. Sanders Survey No. 54, Abstract No. 690, Travis County, Texas		

Site

Acres	161.40	Topography	Generally Level to Sloping
Land SF	7,030,453	Zoning	CH-CO/PUD
Road Frontage	1,344' SH 130	Zoning District	Commercial Highway-Conditional Overlay Combining/Planned Unit Development
Shape	Irregular	Flood Zone	FEMA 48453C0480J; Zone X
Utilities	Off-Site	Encumbrance Or Easement	None Known
Landscaping	Flat land	Rail	None Known

Comments

None

Residential Land Comparable 4



Transaction

ID	6317	Date	10/11/2018
Property Name	200.45 Acres Big Sky Ranch	Price	\$8,018,000
Property Type	Subdivision-Residential	Price per Acre	\$40,000
Address	Cannon Ranch Road, north of US 290	Price per Land SF	\$0.92
City	Dripping Springs	Financing	Cash to Seller
State	Texas	Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	R17869, R18077	Conditions of Sale	Arm's Length
Grantor	William R. Scott	Book/Page or Reference Doc	2018036374
Grantee	Meritage Homes of Texas, LLC	Verification	Broker
Legal Description	200.450 acres out of Big Sky Ranch Subdivision, Hays County, Texas		

Site

Acres	200.45	Topography	Gently Rolling
Land SF	8,731,602	Zoning	PUD-Single Family
Road Frontage	Cannon Ranch Road	Zoning District	Planned Development-Single Family
Shape	Irregular	Flood Zone	FEMA 48209C0105F; Zone X
Utilities	Electric, water & sewer available	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

This tract was acquired by Meritage Homes to develop a 763-lot residential subdivision. All entitlement were in place at the time of sale.

Residential Land Comparable 5



Transaction

ID	6081	Date	3/14/2018
Property Name	14601 E Highway 290	Price	\$700,000
Property Type	Other	Price per Acre	\$34,585
Address	14601 E Highway 290	Price per Land SF	\$0.79
City	Manor	Financing	Cash to Seller
State	Texas	Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	400
Tax ID	236969	Conditions of Sale	Arm's Length
Grantor	Mathen & Annamma Mathen	Book/Page or Reference Doc	2018038170
Grantee	Hester Real Estate Investments	Verification	Broker
Legal Description	Survey 52 , Abstract 154, Caldwell A C, Manor, Travis County, Texas		

Site

Acres	20.24	Topography	Rolling
Land SF	881,654	Zoning	A
Road Frontage	135' E Highway 290	Zoning District	Agricultural
Shape	Irregular	Flood Zone	FEMA 48453C0505H; Zone X
Utilities	Electricity, water	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Commercial Land Comparable 1



Transaction

ID	6078	Date	5/8/2019
Property Name	6817 Lee Manor Cove	Price	\$210,000
Property Type	Other	Price per Acre	\$104,012
Address	6817 Lee Manor Cove	Price per Land SF	\$2.39
City	Manor	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	460968	Conditions of Sale	Arm's Length
Grantor	RWSK Investments, LLC	Book/Page or Reference Doc	2019066535
Grantee	Running Rope, LLC	Verification	Broker
Legal Description	Lot 2, Block A, Gregg Manor Road Business Park, Manor, Travis County, Texas		

Site

Acres	2.02	Topography	Generally Level
Land SF	87,948	Zoning	OCL
Road Frontage	Lee Manor Cove	Zoning District	Outside City Limits
Shape	Near Rectangular	Flood Zone	FEMA 48453C0290J; Zone X
Utilities	Public	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Commercial Land Comparable 2



Transaction

ID	6083	Date	1/8/2020
Property Name	6809 Lee Manor Cove	Price	\$207,500
Property Type	Other	Price per Acre	\$102,723
Address	6809 Lee Manor Cove	Price per Land SF	\$2.36
City	Manor	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	460967	Conditions of Sale	Arm's Length
Grantor	RWSK Investments, LLC	Book/Page or Reference Doc	2020003699
Grantee	Tomaly Cain, LLC	Verification	Broker
Legal Description	Lot 1, Block A, Gregg Manor Road Business Park, Travis County, Texas		

Site

Acres	2.02	Topography	Generally Level
Land SF	87,991	Zoning	OCL
Road Frontage	S/S Lee Manor	Zoning District	Outside City Limits
Shape	Irregular	Flood Zone	FEMA 48453C0290J; Zone X
Utilities	Public	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Commercial Land Comparable 3



Transaction

ID	6356	Date	10/18/2019
Property Name	15 Acres Cameron Road	Price	\$940,000
Property Type	Commercial	Price per Acre	\$62,667
Address	Cameron Road	Price per Land SF	\$1.44
City	Manor	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	498
Tax ID	460964	Conditions of Sale	Arm's Length
Grantor	Podlipny Family Trust	Book/Page or Reference Doc	2019163862
Grantee	Firmus Equity Partners, LLC	Verification	Broker
Legal Description	M. Castro Survey No. 50, Abstract No. 160, Travis County, Texas		

Site

Acres	15.00	Topography	Generally Level
Land SF	653,400	Zoning	OCL
Road Frontage	60' Cameron Road	Zoning District	Outside City Limits
Shape	Rectangular	Flood Zone	FEMA 48453C0455J; Zone X
Utilities	Electric, water	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Commercial Land Comparable 4



Transaction

ID	6357	Date	9/23/2019
Property Name	Vacant Land 9701 US 290 E	Price	\$2,169,742
Property Type	Commercial	Price per Acre	\$244,770
Address	9701 & 9689 US Highway 290 E	Price per Land SF	\$5.62
City	Austin	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	320
Tax ID	567535, 567534	Conditions of Sale	Arm's Length
Grantor	Kerry S. Yom	Book/Page or Reference Doc	2019147208
Grantee	Gardner Iron & Metal Company, Inc.	Verification	Broker
Legal Description	Lot 2, Block A 290, East Business Park Subdivision, Austin, Travis County, Texas		

Site

Acres	8.86	Topography	Generally Level
Land SF	386,133	Zoning	OCL
Road Frontage	470' U.S. Highway 290 E	Zoning District	Outside City Limits
Shape	Irregular	Flood Zone	FEMA 48453C0560J; Zone X
Utilities	Electric, water, sewer	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Multifamily Land Comparable 1



Transaction

ID	6082	Date	6/20/2018
Property Name	13706 N FM Rd 973	Price	\$2,121,895
Property Type	Other	Price per Acre	\$138,686
Address	13706 N FM Road 973	Price per Land SF	\$3.18
City	Manor	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	786700	Conditions of Sale	Arm's Length
Grantor	Cottonwood Holdings, Ltd.	Book/Page or Reference Doc	2018096238
Grantee	Flats at Shadowglen CHL I, LLC	Verification	Broker
Legal Description	Lot 1, Block A, Shadowglen Trace Commercial Sec C Lt 1, Travis County, Texas		

Site

Acres	15.30	Topography	Generally Level
Land SF	666,468	Zoning	OCL
Road Frontage	W/S FM 973	Zoning District	Outside City Limits
Shape	Irregular	Flood Zone	FEMA 48453C0485J; Zone X
Utilities	Public	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Multifamily Land Comparable 2



Transaction

ID	6189	Date	9/30/2020
Property Name	9.37 Acres Vacant Land	Price	\$1,610,000
Property Type	Multi-Family	Price per Acre	\$172,009
Address	NEC & SEC La Poynor and FM 973	Price per Land SF	\$3.95
City	Manor	Financing	Cash to seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	906099, 906100	Conditions of Sale	Arm's Length
Grantor	706 Development Corp	Book/Page or Reference Doc	U/C
Grantee	Milestone Comm Buildings	Verification	Broker
Legal Description	Lot 45, Block A and Lot 1, Block B, Lagos Manor Subdivision Ph. 1		

Site

Acres	9.36	Topography	Relatively Level
Land SF	407,722	Zoning	PUD
Road Frontage	F.M. 973 AND LA Poynor	Zoning District	Planned Unit Development
Shape	Rectangular	Flood Zone	FEMA 48453C0485J; Zone X
Utilities	Water, sewer and electricity	Encumbrance Or Easement	Typical utility easements
Landscaping	None	Rail	None

Comments

Two tracts of land designated for multi-family (condos) according to PUD

Multifamily Land Comparable 3



Transaction

ID	6199	Date	8/5/2020
Property Name	25 Acres Vacant Land	Price	\$4,650,000
Property Type	Multi-Family	Price per Acre	\$186,000
Address	11215 N. FM 973	Price per Land SF	\$4.27
City	Manor	Financing	Cash to seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	NA
Tax ID	227202	Conditions of Sale	Arm's Length
Grantor	706 Investment Partnership, Ltd.	Book/Page or Reference	U/C
Grantee	Capstone Collegiate Communities	Doc	
		Verification	Contract
Legal Description	25 acres out of Abstract 520, J.H. Survey 37, City of Manor, Travis County,		

Site

Acres	25.00	Topography	Generally Level
Land SF	1,089,000	Zoning	PUD
Road Frontage	FM 973 N	Zoning District	Planned Unit Development
Shape	Irregular	Flood Zone	FEMA 48091C0245F; Zone X
Utilities	Electric, water & sewer available	Encumbrance Or Easement	None Known
Landscaping	None	Rail	None

Comments

None

Multifamily Land Comparable 4



Transaction

ID	6296	Date	2/27/2019
Property Name	I-35 S @ SH 45 SE	Price	\$7,398,000
Property Type	Commercial	Price per Acre	\$126,680
Address	I-35 S @ SH 45 SE	Price per Land SF	\$2.91
City	Austin	Financing	Cash to Seller
State		Property Rights	Fee Simple
MSA	Austin-Round Rock	Days on Market	1694
Tax ID	937679, 937680, 937681, 937682, 937683, 937684	Conditions of Sale	Arm's Length
Grantor	South IH 35 Investors, LP	Book/Page or Reference Doc	2019026895
Grantee	Three Hills Land, LLC	Verification	Broker
Legal Description	Santiago Del Valle Survey, Abstract No. 24, Austin, Travis County, Texas		

Site

Acres	58.40	Topography	Level
Land SF	2,543,860	Zoning	MF-4
Road Frontage	1,028' S IH 35	Zoning District	Multifamily—Moderate Density
Shape	Irregular	Flood Zone	FEMA 48453C0595K; Zone X
Utilities	Public	Encumbrance Or Easement	None Known
Landscaping	Mature trees, brush	Rail	None

Comments

None