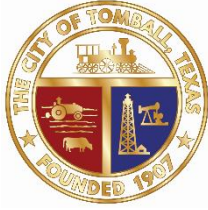


**NOTICE OF REGULAR COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



**Monday, March 7, 2022
6:00 PM**

Notice is hereby given of a Regular meeting of the Tomball City Council, to be held on Monday, March 7, 2022 at 6:00 PM, City Hall, 401 Market Street, Tomball, Texas 77375, for the purpose of considering the following agenda items. All agenda items are subject to action. The Tomball City Council reserves the right to meet in a closed session for consultation with attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, WILL CONDUCT THE MEETING SCHEDULED FOR MARCH 7, 2022, 6:00 PM, AT 401 MARKET STREET, TOMBALL, TEXAS, 77375. THIS MEETING AGENDA AND THE AGENDA PACKET ARE POSTED ONLINE AT:

[HTTPS://TOMBALLTX.GOV/ARCHIVE.ASPX?AMID=38](https://tomballtx.gov/archive.aspx?amid=38)

A RECORDING OF THE MEETING WILL BE MADE AND WILL BE AVAILABLE TO THE PUBLIC IN ACCORDANCE WITH THE OPEN MEETINGS ACT UPON WRITTEN REQUEST.

The public toll-free dial-in numbers to participate in the telephonic meeting are any one of the following (dial by your location): +1 312 626 6799 US (Chicago); +1 646 876 9923 US (New York); +1 301 715 8592 US; +1 346 248 7799 US (Houston); +1 408 638 0968 US (San Jose); +1 669 900 6833 US (San Jose); or +1 253 215 8782 US (Tahoma) - Meeting ID: 822 0419 1759, Passcode: 471802. The public will be permitted to offer public comments telephonically, as provided by the agenda and as permitted by the presiding officer during the meeting.

- A. Call to Order
- B. Invocation - Led by Pastor Adam McIntosh – St. David’s Church
- C. Pledges to U.S. and Texas Flags
- D. Public Comments and Receipt of Petitions; *[At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation, for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law - GC, 551.042.]*

E. Reports and Announcements

1. Announcements

- I. March 19, 2022 – ***Tomball Honky Tonk Chili Challenge Festival*** at the Depot – 11:00 a.m.-6:00 p.m.
- II. April 18-22, 2022 – **Tomball Annual Spring Clean-Up and Chipping Week**
- III. April 23, 2022 – **Tomball Consolidated Recycling Day** – Lone Star College-Tomball Campus, 30555 Tomball Parkway, South Entrance – 10:00 a.m.-2:00 p.m.
- IV. April 25 through May 3, 2022 – **Early Voting** for the May 7, 2022 General and Special Elections, City Hall, 401 Market Street

2. Reports by City staff and members of council about items of community interest on which no action will be taken:

F. Approval of Minutes

- 1. Approve the Minutes of the February 21, 2022 Special and Regular Tomball City Council Meetings

G. New Business

- 1. Conduct a Public Hearing and Review of the City of Tomball's Juvenile Curfew Ordinance to Determine the Need to Readopt, Abolish, Continue or Modify the Ordinance
- 2. Re-appoint members to Position 2, 4, and Alternate 1 of the Board of Adjustments, for terms expiring March 2, 2022
- 3. Approve request from Texas Deuce Days 2022 for City Support and In-Kind Services for a Three Day Car Event (May 12-14), including Day 1: Street Meet & Registration, Day 2: Staging and Rally, and Day 3: Car Show at the Depot.
- 4. Conduct Public Hearing of the City Council of the City of Tomball to consider Proposed Assessments against Section One properties in Wood Leaf Reserve in the City of Tomball, Public Improvement District Number Eleven, established by City Council Resolution No. 2020-04.
- 5. Adopt, on First Reading, Ordinance Number 2022-05, an Ordinance of the City Council of Tomball, Texas, Approving a Service and Assessment Plan and Assessment Roll for Authorized Improvements for the Wood Leaf Reserve Public

Improvement District (the “District”); Making a Finding of Special Benefit to Certain Property in the District; Levying Assessments against Certain Property within the District and Establishing a Lien on Such Property; Providing for Payment of the Assessment in Accordance with Chapter 372, Texas Local Government Code, as Amended; Providing for the Method of Assessment and the Payment of the Assessments; Providing for Penalties and Interest on Delinquent Assessments; Providing for Severability and Providing an Effective Date.

6. Adopt Resolution Number 2022-11, an Resolution Approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Number 11, Improvement Area #1)
7. Discussion and Possible Action to Approve the Base Advanced Funding Agreement with TxDOT for the Reconstruction of FM 2920 from State Highway 249 to Willow Street
8. Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):
 - Sec. 551.071 – Consultation with the City Attorney regarding a matter which the Attorney’s duty requires to be discussed in closed session
 - Sec. 551.074 - Personnel Matters: Deliberation of the Appointment, Employment, and Duties of a Public Officer or Employee – Police Department Personnel

H. Adjournment

CERTIFICATION

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 3rd day of March 2022 by 5:00 PM, and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Doris Speer, City Secretary, TRMC, MMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary’s office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY BE VIEWED ONLINE AT www.ci.tomball.tx.us.

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

March 19, 2022 – *Tomball Honky Tonk Chili Challenge Festival* at the Depot – 11:00 a.m.-6:00 p.m.

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

Signed	<u>Doris Speer</u>	<u>3-1-2022</u>	Approved by	<u></u>
	Staff Member	Date		City Manager
				Date

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

April 18-22, 2022 – Tomball Annual Spring Clean-Up and Chipping Week

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	Doris Speer	3-1-2022	Approved by		
	Staff Member	Date		City Manager	Date

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

April 23, 2022 – **Tomball Consolidated Recycling Day** – Lone Star College-Tomball Campus, 30555 Tomball Parkway, South Entrance – 10:00 a.m.-2:00 p.m.

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	<u>Doris Speer</u>	<u>3-1-2022</u>	Approved by	_____
	Staff Member	Date		City Manager
				Date

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

April 25 through May 3, 2022 – **Early Voting** for the May 7, 2022 General and Special Elections, City Hall, 401 Market Street

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

Signed	<u>Doris Speer</u>	<u>3-1-2022</u>	Approved by	<u></u>
	Staff Member	Date		City Manager
				Date

A General Election is hereby ordered to be held on May 7, 2022 for the purpose of: electing Mayor and Council Position 3.
 3.
(Por la presente se ordena que una elección general se lleve a cabo el 7 de Mayo de 2022 con el propósito de: un Alcalde y un Concejál para la Posición 3.)
(Theo đây, chúng tôi yêu cầu tổ chức một Cuộc Tổng Tuyển Cử vào ngày 7 tháng Năm, 2022 để bầu chọn Thị Trưởng và Thành viên hội đồng vị trí số 3.)
 □ □ □ □ □ □ □ □ 2022 □ 5 □ 7 □ □ □ □ : □ □ □ □ □ □ □ □ □ □ 3。

Applications for ballot by mail shall be mailed to: *(Las solicitudes de boletas para votar por correo deben enviarse a:)*
(Quý vị có thể gửi đơn xin lá phiếu bầu qua đường bưu điện tới cho:)(□ □ □ □ □ □ □ □ □ □ □ □ :)

Tomball, TX 77375
 (City) (Ciudad) (Thành phố) (□) (Zip Code) (Código Postal) (Số Zip Code) (□ □ □ □)

Issued this the 1st day of February 2022. (*Emitido este día 1 de febrero de 2022.*)
(*Ban hành ngày 1 tháng Hai, 2022.*) □ □ □ 2022 □ 2 □ 1 □ □ □ .

Signature of Mayor (*Firma del Alcalde*) (Chữ ký của Thị Trưởng) ()

**ORDER OF SPECIAL
ELECTION FOR MUNICIPALITIES**

**ORDEN DE ELECCIÓN ESPECIAL
PARA MUNICIPALIDADES**

**LỆNH TỔ CHỨC
CUỘC BẦU CỬ ĐẶC BIỆT CHO CÁC THÀNH PHỐ**

關於市政特別選舉的命令

A Special Election is hereby ordered to be held on May 7, 2022 for the purpose of: electing Council Position 5.

Por la presente se ordena la celebración de una elección especial el 7 de mayo de 2022 con el fin de: elegir la Posición 5 del Consejo.

Một Cuộc Bầu Cử Đặc Biệt theo đây được lệnh tổ chức vào ngày 7 tháng Năm, 2022, cho mục đích: bầu chọn Ủy Viên Hội Đồng Vị Trí 5.

茲此命令，特別選舉於2022年5月7日舉行，目的是為選出：議會席位5。

Early voting by personal appearance will be conducted each weekday at: 401 Market Street, Tomball, Texas 77375, between the hours of 7:45 a.m. and 5:00 p.m., Monday through Friday, between the hours of 7:45 a.m. and 7:45 p.m. on Tuesday, April 26, 2022.

La votación anticipada en persona se realizará cada día de la semana en: 401 Market Street, Tomball, Texas 77375, en el horario de 7:45 a.m. a 5:00 p.m. de lunes a viernes y en el horario de 7:45 a.m. a 7:45 p.m. el martes 26 de abril de 2022.

Thủ tục đích thân tới bỏ phiếu sớm sẽ được tiến hành vào mỗi ngày trong tuần, tại: 401 Market Street, Tomball, Texas 77375, từ 7:45 sáng đến 5 giờ chiều, thứ Hai đến thứ Sáu; từ 7:45 sáng đến 7:45 tối vào thứ Ba, ngày 26 tháng Tư, 2022.

親自出席提前投票將於週一至週五的上午7:45至下午5:00，2022年4月26日，週二的上午7:45至下午7:45舉行，地點為401 Market Street, Tomball, Texas 77375。

Applications for ballot by mail shall be mailed to:

Las solicitudes de boletas de votación para votar por correo deberán enviarse por correo a:

Địa chỉ nhận đơn xin lá phiếu bầu qua thư:

郵遞選票申請應寄至:

Doris Speer Email:/ Correo electrónico:/Email:/電郵: dspeer@tomballtx.gov

(Name & Email of Early Voting Clerk)

(Nombre y correo electrónico de la Funcionaria de Votación Anticipada)

(Tên & Email của Thư Ký Phụ Trách Bỏ Phiếu Sớm)

(提前投票書記員姓名及電郵)

401 Market Street

(Address)/ (Dirección) / (Địa Chỉ) / (地址)

Tomball, TX 77375

(City) (State) (Zip Code) / (Ciudad) (Estado) (Código postal) /

(Thành Phố) (Tiểu Bang) (Mã Zip) / (城市) (州) (郵政編碼)

Applications for ballot by mail presented in person must be received no later than the close of business on April 22, 2022.

Las solicitudes de boletas de votación por correo presentadas en persona deben ser recibidas no más tarde que al cierre del horario de oficina del 22 de abril de 2022.

Đơn xin lá phiếu bầu qua thư, nếu đích thân tới nộp, phải nhận được trễ nhất là cuối giờ làm việc ngày 22 tháng Tư, 2022.

親手送達的郵寄選票申請必須在2022年4月22日工作時間結束前收到。

Issued this the 7th day of February 2022.

Emitido el 7 de febrero de 2022.

Ban hành hôm nay, ngày 7 tháng Hai, 2022.

發布於2022年2月7日發布。

Signature of Mayor/ Firma del Alcalde / Chữ Ký của Thị Trưởng / 市長簽名

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

Approve the Minutes of the February 21, 2022 Special and Regular Tomball City Council Meetings

Background:

Origination: City Secretary

Recommendation:

Approve

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

FUNDING (IF APPLICABLE)

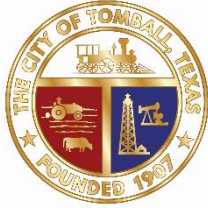
Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	Doris Speer	3-1-2022	Approved by		
	Staff Member	Date		City Manager	Date

MINUTES OF SPECIAL COUNCIL MEETING CITY OF TOMBALL, TEXAS



**Monday, February 21, 2022
4:00 PM**

The City Council of the City of Tomball, Texas, conducted the meeting scheduled for February 21, 2022, 4:00 PM, at 401 Market Street, Tomball, Texas 77375, via video/telephone conference.

A. Mayor Fagan called the meeting of the Tomball City Council to order at 4:15 p.m.

PRESENT

Mayor Gretchen Fagan
Council 1 John Ford
Council 2 Mark Stoll
Council 4 Derek Townsend, Sr.

ABSENT

Council 3 Chad Degges - Excused
Council 5 Lori Klein Quinn - Excused

OTHERS PRESENT:

City Manager – David Esquivel
Assistant City Manager – Jessica Rogers
City Secretary – Doris Speer
Fire Chief – Joe Sykora
Director of Community Development – Nathan Dietrich
Police Chief – Jeff Bert
Finance Director – Katherine Dubose
Marketing Director – Mike Baxter
HR Director – Lisa Coe
Assistant City Secretary – Tracylynn Garcia
Project Coordinator/ACM Admin. Asst. – Meagan Mageo
Logistical Specialist-Fire – Jeff Cook
Executive Director-TEDC – Kelly Violette
Administrative Assistant-TEDC – Tori Gleason

B. No public comments were received

C. New Business

1. The Tomball City Council and City Staff entered into a Workshop for the following purposes:
 - Consideration and Discussion regarding Long-Range Planning Priorities for the City of Tomball – Fire Department
 - Presentation of the Main Street (FM 2920) Road Reconstruction Project from Hwy 249 to Willow Street (no discussion held)

D. Motion made by Council 4 Townsend, Sr., Seconded by Council 1 Ford, to adjourn.

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.

Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this the 7th day of March 2022.

Doris Speer
City Secretary, TRMC, MMC

Gretchen Fagan
Mayor

MINUTES OF REGULAR COUNCIL MEETING CITY OF TOMBALL, TEXAS



**Monday, February 21, 2022
6:00 PM**

The City Council of the City of Tomball, Texas, conducted the meeting scheduled for February 21, 2022, 6:00 PM, at 401 Market Street, Tomball, Texas 77375, via video/telephone conference.

A. Mayor Fagan called the meeting of the Tomball City Council to order at 6:00 p.m.

PRESENT

Mayor Gretchen Fagan
Council 1 John Ford
Council 2 Mark Stoll
Council 4 Derek Townsend, Sr.

ABSENT

Council 3 Chad Degges - Excused
Council 5 Lori Klein Quinn - Excused

OTHERS PRESENT:

City Manager – David Esquivel
Assistant City Manager – Jessica Rogers
City Attorney – Loren B. Smith
City Secretary – Doris Speer
Director of Community Development – Nathan Dietrich
Police Chief – Jeff Bert
Finance Director – Katherine Dubose
Marketing Director – Mike Baxter
Marketing & Communications Specialist – Gargi Bhowal
HR Director – Lisa Coe
Assistant City Secretary – Tracylynn Garcia
Project Coordinator/ACM Admin. Asst. – Meagan Mageo
Logistical Specialist-Fire – Jeff Cook
Community Center Manager – Rosalie Dillon
Executive Director-TEDC – Kelly Violette
Administrative Assistant-TEDC – Tori Gleason

B. Invocation - Led by Pastor Kevin Bowles – Redeemer Church

C. Pledges to U.S. and Texas Flags – Led by Jeff Bert

D. The following Public Comments were received:

- | | | |
|------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pat Faske
12815 Pine Meadows, 77375 | - | Expressed her concern regarding Legacy Volleyball on Theis; tearing up sides of subdivision. Need “No Parking” signs on subdivision streets. Unable to see when leaving subdivision. |
| Beverly Cowan
1903 Scotch Pine, 77375 | - | Expressed her concern regarding Legacy Volleyball and parking on Theis at Scotch Pine; requested “No Parking” signs. |

E. Reports and Announcements

1. Announcements

- I. February 22, 2022 – ***Sam Houston Trail Ride Reception*** – 12:00 a.m. at the Depot
- II. February 28, 2022 – Last day to apply for Place on Ballot for the May 7, 2022 Special City Election; 5:00 p.m.
- III. March 19, 2022 – ***Tomball Honky Tonk Chili Challenge Festival*** at the Depot – 11:00 a.m.-6:00 p.m.

Sherrie Meicher, on behalf of Congressman Michael McCall, presented certificates of Special Recognition to the 2021 Employees of the Year, Carlos Vera and Lexi McMinn.

2. Reports by City staff and members of council about items of community interest on which no action will be taken:

F. Approval of Minutes

1. Motion made by Council 4 Townsend, Sr., Seconded by Council 2 Stoll, to approve the Minutes of the February 7, 2022 Special and Regular Tomball City Council Meetings

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.
Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

G. Old Business

1. Motion made by Council 4 Townsend, Sr., Seconded by Council 1 Ford, to adopt, on Second Reading, Ordinance No. 2022-01, an Ordinance of the City of Tomball, Texas, Adopting an Amendment to the Original Budget of the City of

Tomball, Texas for the Fiscal Year 2021-2022; Containing Findings; Providing for Severability; and Providing Other Details Relating to the Subject

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.
Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

2. Motion made by Council 4 Townsend, Sr., Seconded by Council 2 Stoll, to adopt, on Second Reading, Ordinance No. 2022-03, an Ordinance of the City Council of the City of Tomball, Texas, Amending Chapter 44 of the Code of Ordinances of the City of Tomball "Traffic And Vehicles", by Adding a New Article IX, "Regulation of Golf Carts", that Provides Regulations for the Operation and Maintenance of Golf Carts within the City; Providing a Penalty; Providing for Severability; Providing for Publication; and, Providing an Effective Date

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.
Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

H. New Business

1. Motion made by Council 4 Townsend, Sr., Seconded by Council 1 Ford, to approve request from Tomball Rotary Club for City Support and In-Kind Services for the Tomball Rotary Fish Fry event in Juergens Park, on Saturday, April 23, 2022

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.
Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

2. Motion made by Council 2 Stoll, Seconded by Council 4 Townsend, Sr., to approve request from Tomball Rotary Club for City Support and In-Kind Services for the Tomball Rotary Annual Big Show at the Depot in downtown Tomball, on Saturday, October 15, 2022.

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.
Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

3. Nathan Dietrich gave a presentation/update regarding the Main Street (FM 2920) Road Reconstruction Project from Hwy 249 to Willow Street.

No action taken.

5. Mayor Fagan moved Item H.5 forward for consideration. Motion made by Council 4 Townsend, Sr., Seconded by Council 2 Stoll, to approve, Resolution No. 2022-10, a Resolution of the City Council of the City of Tomball, Texas, Authorizing The Mayor To Execute Settlement Release Documents With Pharmaceutical Manufacturers Endo Health Solutions Inc., Endo Pharmaceuticals Inc., Endo International Plc, Par Pharmaceutical, Inc., And Par Pharmaceutical Companies, Inc. (“Endo”) And Teva (“Teva”), As Additional Settling Parties Within The National Opioid Settlement Participation Previously Authorized By The City.

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.

Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

4. Executive Session: The City Council recessed at 7:23 p.m. to meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):
 - Sec. 551.074 - Personnel Matters: Deliberation of the Appointment, Employment, and Duties of a Public Officer or Employee – Director of Public Works

Upon reconvening at 7:34 p.m., no action was taken.

- I. Motion made by Council 4 Townsend, Sr., Seconded by Council 1 Ford, to adjourn.

Voting Yea: Council 1 Ford, Council 2 Stoll, Council 4 Townsend, Sr.

Absent: Council 3 Degges, Council 5 Klein Quinn

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this the 7th day of March 2022.

Doris Speer
City Secretary, TRMC, MMC

Gretchen Fagan
Mayor

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Conduct a Public Hearing and Review of the City of Tomball's Juvenile Curfew Ordinance to Determine the Need to Readopt, Abolish, Continue or Modify the Ordinance

Background:

The curfew ordinance must be readopted every three (3) years. The City is required to hold public hearings before adopting a new ordinance [L.G.C., Section 370.002(2)]:

"§ 370.002. REVIEW OF JUVENILE CURFEW ORDER OR ORDINANCE.

(a) Before the third anniversary of the date of adoption of a juvenile curfew ordinance by a general-law municipality or a home-rule municipality or an order of a county commissioners court, and every third year hereafter, the governing body of the general-law municipality or home-rule municipality or the commissioners court of the county shall:

- (1) review the ordinance or order's effects on the community and on problems the ordinance or order was intended to remedy;
- (2) conduct public hearings on the need to continue the ordinance or order; and
- (3) abolish, continue, or modify the ordinance or order.

(b) Failure to act in accordance with Subsections (a)(1)-(3) shall cause the ordinance or order to expire."

Public hearings will be held on March 7 and March 21, 2022, regarding the effectiveness and the need to continue the ordinance, with the first reading of the ordinance on March 21, 2022 and the second reading on April 4, 2022 in order to satisfy the state-required timeframe for readoption.

Origination: [L.G.C., Section 370.002(2)]

Recommendation:

N/A

Party(ies) responsible for placing this item on agenda: Doris Speer, City Secretary

Signed	<u>Doris Speer</u>	<u>3-3-2022</u>	Approved by	<u></u>
	City Secretary	Date		City Manager
				Date

**NOTICE OF PUBLIC HEARING
CITY OF TOMBALL, TEXAS**

**MONDAY, MARCH 7, 2022
AND
MONDAY, MARCH 21, 2022**



6:00 P.M.

Notice is hereby given that the Governing body of the City of Tomball, Texas, will hold Public Hearings during the Regular City Council Meetings to be held on Monday, MARCH 7, 2022, and Monday, MARCH 21, 2022, at City Hall, 401 Market Street, Tomball, Texas 77375 at 6:00 p.m. to consider the following:

**CONDUCT A PUBLIC HEARING AND REVIEW OF THE
CITY OF TOMBALL'S JUVENILE CURFEW ORDINANCE
TO DETERMINE THE NEED TO RE-ADOPT, ABOLISH,
CONTINUE OR MODIFY THE ORDINANCE.**

Any member of the public has the right to appear at these Public Hearings and will be given an opportunity to be heard.

Written comments should be received no later than March 2, 2022 for the March 7, 2022 Public Hearing and no later than March 16, 2022 for the March 21, 2022 Public Hearing. Please submit comments to the City Secretary, 401 Market Street, Tomball, Texas 77375.

CERTIFICATION

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 3rd day of February 2022 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meetings.

Doris Speer
Doris Speer
City Secretary, TRMC, MMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

ORDINANCE NO. 2019-04

**AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, CONTINUING
THE CITY'S JUVENILE CURFEW ORDINANCE; AND MAKING
OTHER FINDINGS AND PROVISIONS RELATED THERETO.**

* * * * *

WHEREAS, the City of Tomball adopted a curfew ordinance that is codified as Article II of Chapter 30 of the Tomball Code of Ordinances; and

WHEREAS, the City has reviewed and continued the juvenile curfew ordinance by adopting a new ordinance every three years; and

WHEREAS, Section 370.002 of the Texas Local Government Code requires that the City Council of a city that adopts a juvenile curfew ordinance at least every three years review the ordinance's effects on the community and on problems the ordinance was intended to remedy; and

WHEREAS, the City Council conducted public hearings on March 4, 2019 and March 18, 2019 on the ordinance's effects on the community and on the problems the ordinance was intended to remedy; and

WHEREAS, the City Council finds that as a direct result of implementing a juvenile curfew the incidents of juvenile crime and victimization has been reduced; and

WHEREAS, the City Council finds the continuance of the juvenile curfew ordinance is necessary to provide for the protection of minors from each other and from other persons, for the enforcement of parental control over and responsibility for children, for the protection of the general public, and for the reduction of the incidence of juvenile violence and criminal activity; and

WHEREAS, a curfew applicable to persons under the age of 17 years will be in the interest of public health, safety, and general welfare, and will diminish the undesirable impact of such conduct on the citizens of the City of Tomball; now therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL:

Section 1. That in accordance with Section 370.002 of the Texas Local Government Code the City Council has reviewed the City's juvenile curfew ordinance, and its effects on the community

and on the problems the ordinance was intended to remedy, and that the findings in the preamble of this ordinance are adopted and incorporated herein.

Section 2. The City's curfew ordinance, codified as Article II of Chapter 50 of the Tomball Code of Ordinances, is hereby continued and shall continue in full force and effect.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL, HELD ON THE 18TH DAY OF MARCH 2019.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN DEGGES	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN KLEIN QUINN	<u>AYE</u>

SECOND READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL, HELD ON THE 1ST DAY OF APRIL 2019.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>ABSENT</u>
COUNCILMAN DEGGES	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>ABSENT</u>
COUNCILMAN KLEIN QUINN	<u>AYE</u>

Gretchen Fagan
GRETCHEN FAGAN, Mayor
City of Tomball

ATTEST:

Doris Speer
DORIS SPEER, City Secretary
City of Tomball

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

Re-appoint members to Position 2, 4, and Alternate 1 of the Board of Adjustments, expiring March 2, 2022.

Background:

The Board of Adjustments consists of five regular members and four alternate members with staggered two year terms.

Regular Board Members:

Jarmon Wolfe (Position 1)
Christine Roquemore (Position 2)
Billy Hemby (Position 3)
April Gray (Position 4)
Susan Harris (Position 5)

Alternate Board Members:

Cindy Phillips (Alternate 1)
Rocky Pilgrim (Alternate 2)
Ellen Warren (Alternate 3)
Robert Maxwell (Alternate 4)

All Board Members whose terms were expiring were contacted and are eligible to be re-appointed: Christine Roquemore (Position 2), April Gray (Position 4), and Cindy Phillips (Alternate 1). Affirmative responses were received from Christine Roquemore, April Gray, and Cindy Phillips, who are committed to continuing to serve on the board.

Origination: Community Development Department

Recommendation:

Party(ies) responsible for placing this item on agenda:

Nathan Dietrich – Community
Development Director

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed _____

Staff Member

Date

Approved by _____

City Manager

Date

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Approve request from Texas Deuce Days 2022 for City Support and In-Kind Services for a Three Day Car Event (May 12-14), including Day 1: Street Meet & Registration, Day 2: Staging and Rally, and Day 3: Car Show at the Depot.

Background:

This is the second year of the Texas Deuce Days car show and event. At the 2021 event, 249 participants from 14 states were welcomed to Tomball for a successful that was open to the public (May 6-8, 2021). Due to the success of the 2021 event, the Texas Deuce Days is seeking to return to Tomball for the 2022 event.

Event Information:

Texas Deuce Days 2022 is a street meet, car show and rally, and weekend long event that will bring 300 classic car owners together in Tomball. On Thursday, May 12, the event will include a public Meet and Greet at the Depot from 4 to 8 pm for entrants to register. On Friday, May 13, the attendees will meet up at a rally from 3 pm to 4 pm tentatively planned for either the Depot or an alternate location (Lonestar College or Lowes). Saturday is the main event: a car show that will be open to the public set up at the Depot and Depot Plaza. Set up starts at 7 am and the event opens to the public from 10 am to 5 pm. Tear down will be completed by 6:30 pm. There will be a DJ throughout the day, and prizes awarded to entrants. Additionally, there will be a tent selling wine, beer, and spirits. This event calls for four Tomball police officers and four Public Works employees. Texas Deuce Days will also use volunteer Harris County officers in uniform as event security, parking, and escort. Point of contact for Harris County is provided.

Event information can be found at www.TexasDeuceDays.com.

Cost of the event:

In kind donations from the City include:

- 4 public works employees to set barricades ensure public restrooms are clean; and,
- 4 police officers to ensure perimeter security and presence near the Beer/Wine/Spirits tent

Other Logistical Items:

- Sound stage with a DJ at the Depot (All equipment provided by event coordinator.
- Beer/Wine/Spirits Tent (Alcohol Vendor has full permit through TABC)
- Street closure with wooden barricades on Market/Walnut and Elm/Market.
- EMS aware of event, but not posted at event.

Origination: Heather Herlong Events LLC

Recommendation: N/A

Party(ies) responsible for placing this item on agenda: Gargi Bhowal

Signed

Staff Member

Date

Approved by

City Manager

Date



SPECIAL EVENT APPLICATION

CITY OF TOMBALL, TEXAS | 401 Market Street | Tomball, Texas 77375 | 281-351-5484

An application to stage an event within the City of Tomball shall be filed with the Community Events Coordinator at least 180 days prior to the event. This application is not to be construed as authorizing or agreeing to any event until formally approved by Tomball City Council.

Date: 3/3/2022 Is this event Co-City sponsored? Yes ☐ No ☒

Request for permission to use a public venue for the following type of event (please check one):

Festival ☐ Community Event ☐ Arts & Crafts Event ☐ Music Event ☐ Other (specify) ☒

Event title: Texas Deuce Days Car show

1. Sponsoring entity: Heather Herlong Events, LLC
2. Is this organization based in Tomball: Yes ☐ No ☒
3. Is this organization non-profit ☐ or for-profit ☒ *Attach 501 (c) (3) tax exemption if applicable
4. Contact: Heather Herlong Phone: 832 447 0723
5. Contact address: 3331 Three Pines Dr
6. Contact email: heather@heatherherlongevents.com
7. Event date: MAY 12th-14th 2022
8. Event times: Start 7am Finish 7pm Set-up 6:00 Breakdown 8:00 PM
9. Event location: Tomball Depot
10. Is this event for charity? Yes ☒ No ☐
11. If yes, what charity? Spring Creek Area Blue Star Mothers Tax ID 86-2210953
12. If yes, what percentage of net proceeds will be donated to the charity? 100%
13. On-site contact: Heather Herlong Mobile Phone: 832 447 0723
14. Estimated number of attendees: TK 1.5K
15. Detailed site map in attached: Yes ☒ No ☐
16. Is this event open to the public: Yes ☒ No ☐
17. Admission fee: \$ 30-50 Free ☐ Registration-Entry ; Free To Public
18. Time at which event staff will begin to arrive: 6:00 AM
19. The applicant will defend and hold harmless the City of Tomball from all claims, demands, actions or causes of action, of whatsoever nature or character, arising out of or by reason of the conduct of the activity authorized by such application including attorney fees and expenses.
Initial HH
20. The applicant will provide proof of general liability insurance for the event naming the City of Tomball as additional insured.
Initial HH
21. Name of insurance carrier: Nautilus Insurance Co.
22. Organization has secured date with the Public Works Dept. and has paid deposit. NA "In-Kind"

Signature: HH

FOR OFFICIAL USE - Fee required: Yes ☐ No ☐ Amount Due: \$ _____



City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Conduct Public Hearing of the City Council of the City of Tomball to consider Proposed Assessments against Section One properties in Wood Leaf Reserve in the City of Tomball, Public Improvement District Number Eleven, established by City Council Resolution No. 2020-04.

Background:

Pursuant to Chapter 372 of the Local Government Code, a single public hearing will be conducted to establish the levy assessment for each lot Wood Leaf Reserve located within Public Improvement District Number Eleven.

Notice of the Public Hearing was provided to the property owners, as required, and proper publication was made in the official newspaper and the City's website.

The first reading of the Ordinance will follow the public hearing; the second reading of the ordinance will be presented to Council at the regular Council meeting on March 21, 2022.

Origination: Community Development Department

Recommendation:

Conduct Public Hearing

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project Coordinator

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

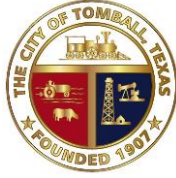
Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	<u>Meagan Mageo</u>	<u>12/14/2021</u>	Approved by	_____
	Staff Member	Date		City Manager
				Date

NOTICE OF PUBLIC HEARING CITY OF TOMBALL, TEXAS

MONDAY, MARCH 7, 2022



6:00 P.M.

NOTICE IS HEREBY GIVEN THAT a public hearing will be conducted by the City Council of the City of Tomball, Texas for 6:00 p.m. on March 7, 2022 at the regular meeting place of the City, the City Council Chamber at Tomball City Hall, 401 Market Street, Tomball, Texas 77375 (unless alternative meeting arrangements are required to address public health concerns, which meeting arrangements will be specified in the notice of such meeting posted in accordance with applicable law). The public hearing will be held to consider proposed assessments to be levied against certain assessable property in the Woodleaf Public Improvement District (the "District") pursuant to the provisions of Chapter 372 of the Texas Local Government Code, as amended (the "Act").

The general nature of the proposed public improvements (collectively, the "Authorized Improvements") may include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. These Authorized Improvements shall promote the interests of the City and confer a special benefit upon the Property.

The estimated cost to design, acquire and construct the Authorized Improvements together with bond issuance costs, eligible legal and financial fees, eligible credit enhancement costs and eligible costs incurred in establishment, administration and operation of the District is approximately \$18,895,633 plus the annual cost of supplemental services and operation and maintenance costs, if any. The City will pay no costs of the Authorized Improvements, supplemental services or operation and maintenance costs from funds other than assessments levied on property within the District. The remaining costs of the proposed improvements will be paid from sources other than those described above.

The boundaries of the District include approximately 90.54 Acres of Land within the City of Tomball, Harris County, Texas, Said Property Being Generally Located approximately ½ mile east of State Highway 249 between Theis Lane and Holderrieth Road and near the future intersection of School Street and Theis Lane. A metes and bounds description is available for inspection at the offices of the City Secretary at the location described above.

All written or oral objections relating to the levy of the proposed assessments will be considered at the public hearing.

A copy of the Preliminary Service and Assessment Plan, including the proposed Assessment Roll, for the District, which includes the Assessments to be levied against each parcel in of the District is available for public inspection at the office of the City Secretary, 401 Market Street, Tomball, Texas 77375.

CERTIFICATION

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 2nd day of February 2022 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meetings.

Doris Speer
Doris Speer
City Secretary, TRMC, MMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Adopt, on First Reading, Ordinance Number 2022-05, an Ordinance of the City Council of Tomball, Texas, Approving a Service and Assessment Plan and Assessment Roll for Authorized Improvements for the Wood Leaf Reserve Public Improvement District (the “District”); Making a Finding of Special Benefit to Certain Property in the District; Levying Assessments against Certain Property within the District and Establishing a Lien on Such Property; Providing for Payment of the Assessment in Accordance with Chapter 372, Texas Local Government Code, as Amended; Providing for the Method of Assessment and the Payment of the Assessments; Providing for Penalties and Interest on Delinquent Assessments; Providing for Severability and Providing an Effective Date.

Background:

Public infrastructure improvements are nearly complete for Section One (123 lots) of Wood Leaf Reserve within Public Improvement District Number Eleven created by the City in 2021.

Per Chapter 372 of the Local Government Code, Ordinance Number 2022-05 approves the Service and Assessment Plan and Assessment Roll for Wood Leaf Reserve Public Improvement District Number Eleven.

Origination: Jon Snyder, P-3 Works

Recommendation:

Adopt Ordinance Number 2022-05, levying an assessment against Section One properties within the City of Tomball Public Improvement District Number Eleven, Wood Leaf Reserve, on First Reading.

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project Coordinator

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	<u>Meagan Mageo</u>	Approved by	_____
	Staff Member		City Manager
	Date		Date

ORDINANCE NO. 2022-05

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR AUTHORIZED IMPROVEMENTS FOR THE WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT (THE “DISTRICT”); MAKING A FINDING OF SPECIAL BENEFIT TO CERTAIN PROPERTY IN THE DISTRICT; LEVYING ASSESSMENTS AGAINST CERTAIN PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR PAYMENT OF THE ASSESSMENT IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE

* * * * *

WHEREAS, the City of Tomball, Texas (the “City”) received a petition meeting the requirements of Sec. 372.005 of the Public Improvement District Assessment Act (the “Act”) requesting the creation of a public improvement district over a portion of the area within the corporate limits of the City to be known as the Wood Leaf Reserve Public Improvement District (the “District”); and

WHEREAS, on November 16, 2020, the City Council accepted the Petition and called a public hearing for December 21, 2020, on the creation of the PID and the advisability of the improvements; and

WHEREAS, notice of the hearing was published in a newspaper of general circulation in the City in which the District is to be located on November 25, 2020; and

WHEREAS, on November 20, 2020, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on December 21, 2020; and

WHEREAS, on November 20, 2020, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on December 21, 2020; and

WHEREAS, the City Council opened and continued such public hearing on the advisability of the improvements and the creation of the District until January 18, 2021; and

WHEREAS, on January 18, 2021 the City Council continued such public hearing on the creation of the District and heard any comments or objection thereto;

WHEREAS, the City Council approved the creation of the PID by Resolution approved on January 18, 2021 (the "Creation Resolution") and published the Creation Resolution on January 27, 2021, as authorized by the Act; and

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

WHEREAS, the District is to be developed in phases and assessments are anticipated to be levied in each development phase; and

WHEREAS, pursuant to Sections 372.013, 372.014, and 372.016 of the Act, the City Council has directed the preparation of a Preliminary Service and Assessment Plan for Authorized Improvements within Improvement Area #1 of the District (the "Service and Assessment Plan") and an assessment roll for Improvement Area #1 of the District (the "Assessment Roll") that states the assessment against each parcel of land within Improvement Area #1 of the District (the "Assessments"); and

WHEREAS, the City called a public hearing regarding the proposed levy of Assessments pursuant to the Preliminary Plan and the proposed Assessment Roll on property within Improvement Area #1 of the District, pursuant to Section 372.016 of the Act; and

WHEREAS, the City, pursuant to Section 372.016(b) of the Act, published notice on February 16, 2022 in a newspaper of general circulation within the City to consider the proposed Service and Assessment Plan for the District and the levy of the Assessments, as defined in the Service and Assessment Plan, on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the Act, on February 14 and February 15, 2022, caused the mailing of notice of the public hearing to consider the proposed Service and Assessment Plan and the Assessment Roll attached to the Service and Assessment Plan and the levy of Assessments on property in the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the public hearing at 6:00 p.m. on the 7th day of March, 2022, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the costs of the Authorized Improvements, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the developer of property within the District as described in the Service and Assessment Plan for the District is ready to commence the construction and acquisition of the Authorized Improvements within the District; and

WHEREAS, the City wishes to levy assessments on the property within the District for the Authorized Improvements as set forth in the Service and Assessment Plan; and

WHEREAS, the City Council finds and determines that the Service and Assessment Plan and Assessment Roll attached thereto should be approved and that the Assessments should be levied on property within the District as provided in this Ordinance and the Service and Assessment Plan and Assessment Roll; and

WHEREAS, the City Council further finds that there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Authorized Improvements, the Assessment Roll or the levy of Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the District, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, THAT:

Section 1. Findings. The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

Section 2. Terms. Terms not otherwise defined herein are defined in the Service and Assessment Plan attached hereto as Exhibit A.

Section 3. Findings. The findings and determinations set forth in the preambles are hereby incorporated by reference for all purposes. The City Council hereby finds, determined and orders, as follows:

- a. The apportionment of the Costs of the Authorized Improvements, and the Administrative Expenses pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each property will receive from the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;
- b. The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Authorized Improvements;
- c. The Service and Assessment Plan apportions the costs of the Authorized Improvements to be assessed against each Assessed Property in Improvement Area #1 of the District and such apportionment is made on the basis of special benefits accruing to each Assessed Property because of the Authorized Improvements.
- d. All of the real property in the District which is being assessed in the amounts shown in the Service and Assessment Plan and Assessment Roll will be benefited by the Authorized Improvements proposed to be provided through the District in the Service and Assessment Plan, and each parcel of real property in the District will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;
- e. The method of apportionment of the costs of the Authorized Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Authorized Improvements and Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the costs;

- f. The Service and Assessment Plan should be approved as the service plan and assessment plan for the District, as described in Sections 372.013 and 372.014 of the Act;
- g. The Assessment Roll in the form attached to the Service and Assessment Plan should be approved as the assessment roll for the District;
- h. The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Assessments, interest on Annual Installments, interest and penalties on delinquent Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Assessments should be approved and will expedite collection of the Assessments in a timely manner in order to provide the improvements needed and required for the area within the District; and
- i. A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon.

Section 4. Assessment Plan. The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the Act as a service plan and an assessment plan for the Authorized Improvements within the District.

Section 5. Assessment Roll. The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the Act as the assessment roll for the Authorized Improvements within the District.

Section 6. Levy and Payment of Assessments for Costs of Authorized Improvements.

- a. The City Council hereby levies Assessments on each Assessed Property located within Improvement Area #1 of the District, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown on the Assessment Roll, as special assessments on the properties within the District as set forth in the Service and Assessment Plan and the Assessment Roll.
- b. The levy of the Assessments shall be effective on the date of execution of this Ordinance levying Assessments and strictly in accordance with the terms of the Service and Assessment Plan.
- c. The collection of the Assessments shall be as described in the Service and Assessment Plan.
- d. Each Assessment may be pre-paid or paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.
- e. Each Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.
- f. Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.
- g. The Administrative Expenses for Assessed Properties shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 7. Method of Assessment. The method of apportioning the costs of the Authorized Improvements is as set forth in the Service and Assessment Plan.

Section 8. Penalties and Interest on Delinquent Assessments. Delinquent Assessments shall be subject to the penalties, interest, procedures and foreclosure sales set forth in the Service and Assessment Plan. The Assessments shall have lien priority as specified in the Act and the Service and Assessment Plan.

Section 9. Prepayments of Assessments. As provided in Section 372.018(f) of the Act and in the Service and Assessment Plan, the owner (the “Owner”) of any Assessed Property may prepay the Assessments levied by this Ordinance as set forth in the Service and Assessment Plan.

Section 10. Lien Priority. As provided in the Act, the City Council and owners of the Assessed Property intend for the obligations, covenants and burdens on the owners of Assessed Property, including without limitation such owner’s obligations related to payment of the Assessments and the Annual Installments, to constitute a covenant running with the land. The Assessments and the Annual Installments levied hereby shall be binding upon the Assessed Property, and the owners of Assessed Properties, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Assessments shall have lien priority as specified in the Act.

Section 11. Administrator and Collector of Assessments.

- a. Administrator. The City shall administer the Service and Assessment Plan and the Assessments levied by this Ordinance. The City has appointed a third-party administrator (the “Administrator”) to administer the Service and Assessment Plan and the Assessments. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator’s fees, charges and expenses for providing such services shall constitute an Administrative Expense.
- b. Collector. The City may collect the assessments or may, by future action, appoint a third-party collector of the Assessments. The City is hereby authorized to enter into an agreement with a third-party for the collection of the Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Assessments on its own behalf. The costs of such collection contracts shall constitute an Administrative Expense.

Section 12. Applicability of Tax Code. To the extent not inconsistent with this Ordinance and the Act or other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of Assessments by the City.

Section 13. Severability. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 14. Effective Date. This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution thereof.

FIRST READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 7TH DAY OF MARCH 2022.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

SECOND READING:

READ, PASSED, APPROVED AND ORDAINED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 21ST DAY OF MARCH 2022.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary

Wood Leaf Reserve Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN
MARCH 7, 2022



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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 January 18, 2021, the City passed and approved Resolution No. 2021-04 authorizing the creation of the District in accordance with the PID Act, as amended, which authorization was effective upon publication as required by the PID Act.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 90.54 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 in the District determined by the method chosen by the City Council. The Assessment against each Parcel must be sufficient to pay the share of the Actual Costs apportioned to the Parcel and cannot exceed the special benefit conferred on the Parcel by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the Developer’s demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvements, 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 Improvement as set forth in this Service and Assessment Plan, except for authorized reallocations, which include Cost Underruns (as defined in the Development Agreement) in any category of Authorized Improvements being reallocated to cover Cost Overruns (as defined in the Development Agreement) in any different category of Authorized Improvements as approved by the City. Actual Costs may include: (1) the costs incurred by, caused to be incurred by, or on behalf of the Developer (either directly or through affiliates) for the design, planning, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) construction management fees equal to 4% of cost of the Authorized Improvements; (4) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (5) 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; and (6) all related permitting and public approval expenses, architectural, engineering, and consulting fees, taxes, and governmental fees and charges.

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

“Additional Interest Rate” means an amount not to exceed 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Improvement Area #1 Assessments securing the Improvement Area #1 Reimbursement Obligation.

“Administrator” means the City or the person or 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 responsibilities of the administration of the District.

“Annual Collection Costs” mean the actual or budgeted annual 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, including the costs of foreclosure; (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 PID Act with respect to the issuance and sale of PID Bonds, the administration of the Improvement Area #1 Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 on the 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, as applicable.

“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.

“Assessed Property” means any Parcel within the District against which an Assessment is levied and does not include Non-Benefitted Parcels.

“Assessment” means an assessment (including interest thereon) 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 the District based on the special benefits conferred on the District by the Authorized Improvements, more specifically described in **Section V**.

“Assessment Roll” means the assessment roll 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 in this Service and Assessment Plan as **Exhibit F**.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including Bond Issuance Costs, as described in **Section III**.

“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 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 Tomball, Texas.

“City Council” means the duly elected governing body of the City.

“County” means Harris County, Texas.

“Delinquent Collection Costs” mean costs related to the foreclosure of the lien on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney’s fees to the extent permitted by law, but excluding amounts representing interest and penalty interest.

“Developer” means Chesmar Homes, LLC, a Texas limited liability corporation and any successor developer of property in the District or any portion thereof.

“Development Agreement” means that certain Wood leaf Reserve Development Agreement between the City and the Developer effective January 18, 2021, as may be amended.

“District” means the Wood Leaf Reserve Public Improvement District containing approximately 90.54 acres located within the City as shown on **Exhibit B-1** and more specifically described on **Exhibit A-1**.

“District Formation Expenses” means costs incurred in the formation of the District, including attorney fees, financial consultant fees, and other fees related to the formation of the District and the levy of Assessments.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property, 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 factors that may impact value.

“First Year Annual Collection Costs” means the estimated Annual Collection Costs to be accrued prior to collection of the first Annual Installment of the Assessment securing the applicable PID Bonds, as shown on **Exhibit E**.

“Future Improvement Areas” means the property within the District, excluding Improvement Area #1. Future Improvement Areas may be developed in phases after Improvement Area #1.

“Future Improvement Area Bonds” mean bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Assessed Property within such Future Improvement Area.

“Future Improvement Area Improvements” mean those Authorized Improvements which will confer a special benefit solely on the related Future Improvement Area.

“Improvement Area” means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of the District.

“Improvement Area #1” means approximately 33.4418 acres located within the District, as described in **Exhibit A-2** and more specifically detailed on **Exhibit B-2**.

“Improvement Area #1 Additional Bonds” means any PID Bonds issued after the Improvement Area #1 Initial Bonds used to refinance the Improvement Area #1 Reimbursement Obligation, if such bonds are issued.

“Improvement Area #1 Annual Installment” means the annual installment payment on 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, as applicable. Additional Interest is not charged on Improvement Area #1 Assessments securing the Improvement Area #1 Reimbursement Obligation.

“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 a Parcel within Improvement Area #1 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 Improvement Area #1 Assessed Property included in this Service and Assessment Plan as **Exhibit F**.

“Improvement Area #1 Initial Bonds” means those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Improvement Area #1)”, that are secured by Improvement Area #1 Assessments.

“Improvement Area #1 Improvements” mean those Authorized Improvements described in Section III.A that only benefit Improvement Area #1.

“Improvement Area #1 Plat” means the plat recorded in the Official Public Records of the County on January 4, 2021 and attached as **Exhibit M**.

“Improvement Area #1 Projects” mean the Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #1 Reimbursement Agreement” means that certain “Wood Leaf Reserve Public Improvement District Improvement Area #1 Reimbursement Agreement” effective March 1, 2021, entered into by and between the City and Developer, whereby all or a portion of the

Actual Costs will be paid to the Developer from Improvement Area #1 Assessments to reimburse the Developer for Actual Costs paid by the Developer, that are eligible to be paid with Improvement Area #1 Assessments plus interest.

“Improvement Area #1 Reimbursement Obligation” means an amount not to exceed \$2,272,310 secured by Improvement Area #1 Assessments to be paid to Developer pursuant to the Improvement Area #1 Reimbursement Agreement.

“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 a tract of land upon which the levy of Assessments is based in this Service and Assessment Plan, that is (1) a “lot” in a subdivision plat recorded in the official records of the County, (2) a development/concept plan or (3) a preliminary plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. general retail, light industrial, multi-family, single family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a single family residential Lot within Improvement Area #1 marketed to homebuilders as a 40’ Lot.

“Lot Type 2” means a single family residential Lot within Improvement Area #1 marketed to homebuilders as a 50’ Lot.

“Major Improvements” means those Authorized Improvements described in Section III.B that benefit all areas within the District.

“Maximum Assessment” means for each Lot Type, the amount shown on **Exhibit H**.

“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. Assessed Property converted to Non-Benefited Property, if the Assessments are not reallocated pursuant to the provisions herein, remain subject to the Assessments and requires the Assessments to be prepaid as provided herein.

“Owner” means the person in whom is vested the ownership, dominion, or title of property.

“Parcel(s)” means a property, within the District, identified by either a tax map identification number assigned by the Harris County 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” means one or more series of bonds issued by the City to finance the Authorized Improvements and secured in whole or in part by Assessments, including Annual Installments thereof.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent Annual 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.

“Prepayment Costs” means principal and interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment, and including any penalties.

“Reimbursement Agreement” means any reimbursement agreement, including the Improvement Area #1 Reimbursement Agreement, between the City and the Developer pursuant to which the City agrees to levy Assessments on an Improvement Area and all or a portion of such Assessments are paid to the Developer to reimburse the Actual Costs related to such Improvement Area.

“Reimbursement Obligation” means the amount to be paid to the Developer pursuant to a Reimbursement Agreement.

“Service and Assessment Plan” means this Service and Assessment Plan as updated and amended from time to time.

“Service Plan” means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, 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 90.54 contiguous acres located within 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 299 single-family homes, as shown on **Exhibit I**.

Improvement Area #1 includes approximately 33.414 acres as more particularly described on **Exhibit A-2** and depicted on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to contain 123 single-family homes.

It is anticipated there will be two additional Future Improvement Areas within the District. As Future Improvement Areas are developed and in connection with the issuance of any Future Improvement Area Bonds, or the levy of Assessments in a Future Improvement Area pursuant to a Reimbursement Agreement, this Service and Assessment Plan will be amended to update the Exhibits. A map of the property that will comprise the Future Improvement Areas is depicted on **Exhibit B-1**.

SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements confer a special benefit on the Assessed Property. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C** and depicted on **Exhibit J-1** and **Exhibit J-2**.

A. Improvement Area #1 Improvements

▪ *Streets*

Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

▪ *Water*

Improvements include trench excavation and embedment, trench safety, PVC piping,

service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Detention, Clearing and Grubbing*

Improvements include clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds including spreading and compaction of excavated materials. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Natural Gas*

Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The natural gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

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

B. Major Improvements

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary

appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Drainage*

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

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

C. Future Improvement Area Improvements

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

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, paying agent fees, Trustee fees and any other cost or expense directly associated with the issuance of PID Bonds.

E. First Year Annual Collection Costs

Estimated cost of the First Year Annual Collection Costs.

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. The Service Plan for the District is summarized on **Exhibit D**.

The sources and uses of funds required to construct the Authorized Improvements and pay the Bond Issuance Costs and First Year Annual Collection Costs are summarized on **Exhibit E**. 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 or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future Owners and developers of the Assessed Property.

A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements, Bond Issuance Costs, and First Year Annual Collection Costs shall be allocated as follows:

- Major Improvements shall be allocated pro rata between the Improvement Area #1 Assessed Property and the Future Improvement Areas based on Estimated Buildout Value, as shown on **Exhibit K**.
- The Improvement Area #1 Improvements are allocated entirely to the Improvement Area #1 Assessed Property.
- Bond Issuance Costs and First Year Annual Collection Costs shall be allocated entirely to the Assessed Property securing the applicable series of PID Bonds.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds or the adoption of a Reimbursement Agreement relating to a Future Improvement Area is contemplated, this Service and Assessment Plan will be amended to determine the assessment methodology necessary to apply equal shares of Actual Costs of Future Improvement Area Improvements on Assessed Property similarly benefited within that Future Improvement Area.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property 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.

The Maximum Assessment for each Lot Type is shown on **Exhibit H**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

When, and if, Future Improvement Areas are developed and the levy of Assessments on Future Improvement Areas is contemplated, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installment associated with the costs of Future Improvement Area Improvements on each Lot located within a Future Improvement Area. The Assessment shall not exceed the benefit received by the Assessed Property.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by City, has found and determined:

▪ *Improvement Area #1*

1. The cost of Improvement Area #1 Projects and the applicable First Year Annual Collection Costs and Bond Issuance Costs equal \$5,982,266 as shown on **Exhibit C**; and
2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Projects and applicable First Year Annual Collection Costs and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #1 Projects and applicable First Year Annual Collection Costs 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 Assessed Property for Improvement Area #1 Projects and the applicable First Year Annual Collection Costs and Bond Issuance Costs, which equal \$4,568,310, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
4. The special benefit (\geq \$5,982,266) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Projects and applicable First Year Annual Collection Costs and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #1 Assessments (\$4,568,310) levied on the Improvement Area #1 Assessed Property; and
5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Developer owned 100% of the Improvement Area #1 Assessed Property. The Developer acknowledged that Improvement Area #1 Projects and the applicable First Year Annual Collection Costs 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 applicable First Year Annual Collection Costs and Bond Issuance Costs associated therewith. The Developer 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 Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessments remaining on the Assessed Property. The Annual

Collection Costs shall be collected as part of Annual Installments in the amounts shown on **Exhibit G**, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on the portion of Assessments securing 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 Indenture.

Additional Interest is not charged on the portion of the Assessments that secure the Reimbursement Obligation. The interest on the Assessments securing the Reimbursement Obligation shall be collected at rates established under the applicable Reimbursement Agreement as part of each Annual Installment.

F. Future Bonds to Finance Improvement Area #1 Reimbursement Obligation

The City may issue one or more series of PID Bonds to finance all or part of the Improvement Area #1 Reimbursement Obligation then outstanding. At the time of any such financing, the interest charged and paid on the portion of the Improvement Area #1 Assessments allocated to the portion of the Improvement Area #1 Reimbursement Obligation being financed shall cease being paid to the Developer and the portion of the Improvement Area #1 Assessments previously allocated to the portion of the Improvement Area #1 Reimbursement Obligation being financed shall then bear interest at the rate of the applicable PID Bonds plus the Additional Interest.

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 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, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel according to the following formula:

$$A = [B \times (C \div D)] / E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type

D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Assessments for all newly subdivided Parcels 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 Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H** for the applicable Lot Type, and compliance may require a mandatory Prepayment of

Assessments pursuant to **Section VI.B.**

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 Developer 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 City 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 to the City 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 Improvement Area #1 Project not being constructed, the Actual Costs of completed Improvement Area #1 Projects are less than the Improvement Area #1 Assessments, (i) in the event PID Bonds are not issued, the Improvement Area #1 Assessments shall be reduced on a pro-rata basis such that the sum of the resulting reduced Improvement Area #1 Assessments for all Assessed Properties equals the reduced Actual Costs, or (ii) in the event that PID Bonds have been issued, the City shall direct the Trustee to apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used to pay costs of Improvement Area #1 Projects to redeem outstanding PID Bonds, in accordance with the applicable Indenture. Any such reduction in the costs of the Improvement Area #1 Projects shall also reduce the Reimbursement Obligation under the related Reimbursement Agreement.

The City Council may reduce the Improvement Area #1 Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Improvement Area #1 Projects provided for each property; (2) by an equal percentage per Lot; or (3) in any other manner

determined by the City Council to be the most fair and practical means of reducing the Improvement Area #1 Assessments for Assessed Property, such that the sum of the resulting reduced Improvement Area #1 Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, the Annual Collection Costs portion of the Improvement Area #1 Assessment, and any Reimbursement Obligation, as reduced pursuant to this Section.

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 portion of an Assessment in accordance with the PID Act, including all Prepayment Costs. Interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a fund established under the applicable Indenture for such purpose. 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 the principal portion of an Assessment is paid in full, with interest accrued to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; 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 L**.

If an Assessment is paid in part, with interest: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment 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

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 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-Benefitted Property. 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.

Following the initiation of the Taking, the Administrator will be required to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefitted Property based on a manner that results in imposing equal shares of the costs of the applicable Authorized Improvements on property similarly benefitted.

The Owner shall make a Prepayment of the Assessment in an amount equal to the amount determined by the Administrator in the preceding paragraph prior to the transfer of ownership of the Taken Property.

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-Benefitted Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, and the Owner shall owe \$10 as a Prepayment for the Taken Property.

Notwithstanding the previous paragraphs in this subsection if the Administrator determines that the Taking prevents the Remaining Property from being developed as shown on the final plat, the Owner shall be required to prepay the total amount of the Assessment levied against the Remaining Property within sixty (60) days of such determination.

G. Payment of Assessment in Annual Installments

Exhibit G shows the projected Improvement Area #1 Annual Installments. 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.

If any Parcel shown on the Assessment Roll is assigned multiple tax identification numbers, the Annual Installment shall be allocated pro rata based on the acreage of the property as shown by Harris County Appraisal District for each tax identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed

Property for which Assessments remain unpaid based on the amount of the outstanding Assessment on each Assessed Property. 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.

Foreclosure 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 relating to the Improvement Area #1 Initial Bonds shall be due when billed and shall be delinquent if not paid prior to February 1, 2023.

Failure of an Owner to receive an invoice for an Annual Installment on the property tax bill shall not relieve the Owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act.

H. Allocating Annual Installments if Assessed Property is Sold

If Assessed Property is sold, the Annual Installment shall be allocated between the buyer and seller in the same methodology as property taxes.

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 Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

As Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment for each Lot located within such Future Improvement Areas.

SECTION VIII: ADDITIONAL PROVISIONS

A. Administrative Review

To the extent consistent with the PID Act, an Owner of Assessed Property claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date the invoice or other bill for the Annual Installment is received. If the Owner fails to give such notice, such Owner shall be deemed to have accepted the calculation of the Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred. The City may elect to designate a third party who is not an officer or employee of the City to serve as Administrator of the District.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property Owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property Owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the District for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council, shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property Owner shall be a condition precedent to any other appeal or legal action by such Owner.

B. Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the Owner of the affected Assessed Property a recordable “Notice of the PID Assessment Termination,” attached hereto as **Exhibit L**.

C. 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; (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan; and (4) for any other purpose authorized by the PID Act.

D. 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 by 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.

E. Form of Buyer Disclosure

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Exhibit N-1** and **Exhibit N-2**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in its entirety.

F. 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

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 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	Maximum Assessment per Lot Type
Exhibit I	Concept Plan
Exhibit J-1	Maps of Improvement Area #1 Improvements
Exhibit J-2	Maps of Major Improvements
Exhibit K	Estimated Buildout Value
Exhibit L	Notice of PID Assessment Termination
Exhibit M	Improvement Area #1 Plat
Exhibit N-1	Lot Type 1 Buyer Disclosure
Exhibit N-2	Lot Type 2 Buyer Disclosure

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

A **METES & BOUNDS** description of a certain 90.54 acre (3,943,901 square feet) tract of land situated in the Claude N. Pillot Survey, Abstract No. 632 in Harris County, Texas, being all of the remainder of a called 2.84 acre tract (Tract I) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP- 2020-405995, Harris County Official Public Records of Real Property, also being all of the remainder of a called 5.00 acre tract (Tract II) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 1.13 acre tract (Tract III) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 4.990 acre tract (Tract V) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being a portion of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property; said 90.54 acre (3,943,901 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 2-inch iron pipe found, being the most westerly northwest corner of the herein described tract, being the most westerly northwest corner of said called 61.013 acre tract, also being the southwest corner of a called 6.7133 acre tract conveyed to Worldwide Rock Enterprises, L.P., by deed recorded in Clerk's File No. 20150562448, Harris County Official Public Records of Real Property, also being on the east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, by plat recorded in Clerk's File No. W008922, Harris County Map Records;

THENCE, North 87°45'25" East, 472.90 feet along the south line of said called 6.7133 acre tract to a 1-inch iron pipe found, being the southeast corner of said called 6.7133 acre tract;

THENCE, North 02°26'51" West, 368.19 feet along the east line of said called 6.7133 acre tract to a 5/8-inch iron rod (with cap) found, being the most northerly northwest corner of said called 61.013 acre tract;

THENCE, North 87°17'42" East, 542.42 feet to a 5/8-inch iron rod (with cap) found, being the southeast corner of a called 1.167 acre tract (Tract 2) conveyed to Alejandro and Apolinar Gomez by deed recorded in Clerk's File No. RP-2020-410875, Harris County Official Public Records of Real Property;

THENCE, North 11°11'31" East, 257.21 feet to a point for corner, being the northeast corner of said called 1.167 acre tract (Tract 2), from which a 5/8-inch iron rod (with cap) found bears North 11°11'31" East, 0.41 feet;

THENCE, North 87°21'24" East, 629.28 feet to a point for the northeast corner of the herein described tract, being the northeast corner of said Tract V, also being the northwest corner of a called 39.03 acre tract conveyed to Meritage Homes of Texas, LLC, by deed recorded in Clerk's File No. RP-2019-7816, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears North 03°29'29" West, 0.92 feet;

THENCE, along the west line of said called 39.03 acre tract, the following five (5) courses and distances:

1. South 03°29'29" East, 776.09 feet to a 1/2-inch iron rod found;
2. South 87°21'07" West, 448.18 feet to a 5/8-inch iron rod found;
3. South 02°27'59" East, 1,331.96 feet to a 1/2-inch iron rod found;
4. North 87°39'22" East, 720.29 feet to a 1/2-inch iron rod found;
5. South 02°27'41" East, 1,545.47 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set for the southeast corner of the herein described tract, being 10 feet north of and parallel to the north right-of-way line of Holderrieth Road (width varies per Volume 816, Page 359, and Volume 1036, Page 256, Harris County Deed Records);

THENCE, South 87°39'37" West, 10 feet north of and parallel to said north right-of-way line of Holderrieth Road, 129.42 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 30.00 feet, a central angle of 40°10'02", an arc length of 21.03 feet, and a chord bearing of North 17°44'38" East, 20.60 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, North 02°20'23" West, 198.70 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 810.05 feet, a central angle of 15°17'16", an arc length of 216.14 feet, and a chord bearing of North 09°59'01" West, 215.50 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, South 87°39'37" West, 132.30 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being on the east line of a called 0.6462 acre tract (Tract 2) conveyed to Alejandro Gomez and Apolinar Gomez by deed recorded in Clerk's File No. 20060092123, Harris County Official Public Records of Real Property;

THENCE, North 03°36'41" West, 204.00 feet along said east line of said called 0.6462 acre tract to the northeast corner of said called 0.6462 acre tract, from which a 1-inch iron pipe found bears North 22°52'28" West, 1.14 feet;

THENCE, South 87°37'15" West, along the north line of said called 0.6462 acre tract, at a distance of 100.11 feet passing a 1/2-inch iron rod found, being the northwest corner of said called 0.6462 acre tract, also being the northeast corner of the remainder of a called 10.0 acre tract conveyed to Walter John Rumfolo and wife, Lucille Rumfolo, by deed recorded in Clerk's File No. D055346, Harris County Official Public Records, continuing along the north line of said called 10.0 acre tract for a total distance of 675.32 feet to a 3/8-inch iron rod found, being the northwest corner of said remainder of said called 10.0 acre tract, also being on the east line of a called 25.950 acre tract conveyed to Maple Group, Ltd., by deed recorded in Clerk's File No. X273577, Harris County Official Public Records of Real Property;

THENCE, North 03°35'52" West, 551.72 feet along said east line of said called 25.950 acre tract to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 25.950 acre tract;

THENCE, South 87°39'58" West, 1,019.61 feet along the north line of said called 25.950 acre tract to a point for corner, being the northwest corner of said called 25.950 acre tract, also being on the east line of a called 1.3488 acre tract conveyed to Gordon Bruce Glanville by deed recorded in Clerk's File No. P064837, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears South 87°39'58" West, 1.07 feet;

THENCE, North 02°26'12" West, at a distance of 766.87 feet passing a 1/2-inch iron rod found, being the northeast corner of a called 5.0074 acre tract conveyed to Alvin W. Theis and wife, Thelma Theis, by deed recorded in Clerk's File No. J142169, Harris County Official Public Records of Real Property, also being the southeast corner of a called 4.9837 acre tract conveyed to Tractor Supply Co. of Texas, LP, by deed recorded in Clerk's File No. 20140022360, Harris County Official Public Records of Real Property, at a distance of 1,726.03 feet passing a 1/2-inch iron rod inside of a 2" iron pipe found on said east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, in all a distance of 1,844.67 feet to the **POINT OF BEGINNING, CONTAINING** 90.54 acres (3,943,901 square feet) of land in Montgomery County, Texas, filed in the office of Manhard Consulting, Ltd. In The Woodlands, Texas.

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

Chesmar Homes, LLC
33.4418 acres

Claude N. Pillot Survey
Abstract No. 632

STATE OF TEXAS §

COUNTY OF HARRIS §

A **METES & BOUNDS** description of a certain 33.4418 acre (1,456,725 square feet) tract of land situated in the Claude N. Pillot Survey, Abstract No. 632, in Harris County, Texas, being all of Wood Leaf Reserve Section 1 according to the plat thereof recorded in Clerk's File No. RP-2021-200807, Harris County Official Public Records of Real Property, being a portion of the remainder of a called 2.84 acre tract (Tract I) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being a portion of the remainder of a called 5.00 acre tract (Tract II) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being a portion of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being all of a called 4.990 acre tract (Tract V) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, and being a portion of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property; said 33.4418 acre (1,456,725 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 5/8-inch iron rod (with cap) found, being the northwest corner of said called 61.013 acre tract and being on the east line of a called 6.7133 acre tract conveyed to Worldwide Rock Enterprises, L.P. by deed recorded in Clerk's File No. 20150562448, Harris County Official Public Records;

THENCE, North 87°17'42" East, 542.42 feet to a 5/8-inch iron rod (with cap) found, being the southeast corner of a called 1.167 acre tract (Tract 2) conveyed to Maritia LP, an Arizona Limited Partnership, by deed recorded in Clerk's File No. RP-2020-410875, Harris County Official Public Records of Real Property;

THENCE, North 11°11'31" East, 257.21 feet to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 1.167 acre tract and being on the south right-of-way line of Theis Lane (60 foot right-of way per based on a width of 60 feet) recorded in Clerk's File No. J558545 and Clerk's File No. S551096, Harris County Official Public Records of Real Property;

THENCE, along the south right-of-way line of said Theis Lane, North 87°21'24" East, 629.28 feet to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 4.990 acre tract (Tract V), being the northwest corner of a called 39.03 acre tract conveyed to Meritage Homes of Texas, LLC by deed recorded in Clerk's File No. RP-2019-7816, Harris County Official Public Records of Real Property, and being the northeast corner of the herein described tract;

THENCE, South 03°29'29" East, 776.09 feet to a 1/2-inch iron rod found, being the southeast corner of said called 4.990 acre tract (Tract V);

THENCE, South 87°21'07" West, 408.18 feet to a 5/8-inch iron rod (with cap) found, being on an interior line of said called 18.334 acre tract (Tract IV);

P:\610.042 Chesmar Homes\00-Surveying Services\Legal Descriptions\042-00 33.4418 acres Section 1 plat m&b.doc

THENCE, South 87°32'01" West, at 40.00 feet passing a 5/8-inch iron rod found, being an exterior corner of said called 39.0554 acre tract and being an interior corner of said called 18.334 acre tract (Tract IV), and continuing for a total distance of 80.00 feet to a 5/8-inch iron rod (with cap) found, being on the north line of the remainder of said called 18.334 acre tract (Tract IV);

THENCE, along the north line of the remainder of said called 18.334 acre tract (Tract IV), the following nine (9) courses and distances:

1. South 02°27'59" East, 217.82 feet to a 5/8-inch iron rod (with cap) found;
2. South 87°31'54" West, 227.76 feet to a 5/8-inch iron rod (with cap) found;
3. South 02°28'06" East, 295.16 feet to a 5/8-inch iron rod (with cap) found;
4. South 25°22'36" West, 54.93 feet to a 5/8-inch iron rod (with cap) found;
5. South 87°48'00" West, 95.46 feet to a 5/8-inch iron rod (with cap) found;
6. South 42°40'08" West, 14.11 feet to a 5/8-inch iron rod (with cap) found;
7. South 02°27'43" East, 140.00 feet to a 5/8-inch iron rod (with cap) found;
8. South 87°48'00" West, 247.32 feet to a 5/8-inch iron rod (with cap) found;
9. North 02°24'47" West, 225.00 feet to a 5/8-inch iron rod (with cap) found, being on the north line of the remainder of said called 61.013 acre tract;

THENCE, along the north line of the remainder of said called 61.013 acre tract, the following eight (8) courses and distances:

1. South 87°48'00" West, 125.00 feet to a 5/8-inch iron rod (with cap) found;
2. North 02°24'47" West, 19.46 feet to a 5/8-inch iron rod (with cap) found;
3. South 87°35'13" West, 180.00 feet to a 5/8-inch iron rod (with cap) found;
4. North 02°24'47" West, 106.21 feet to a 5/8-inch iron rod (with cap) found;
5. South 87°48'00" West, 94.91 feet to a 5/8-inch iron rod (with cap) found, being the beginning of a curve to the left;
6. Along said curve to the left in a southwesterly direction, with a radius of 25.00 feet, a central angle of 90°12'47", an arc length of 39.36 feet, and a chord bearing South 42°41'37" West, 35.42 feet to a 5/8-inch iron rod (with cap) found;
7. South 02°24'47" East, 15.69 feet to a 5/8-inch iron rod (with cap) found;

Chesmar Homes, LLC
33.4418 acres

Claude N. Pillot Survey
Abstract No. 632

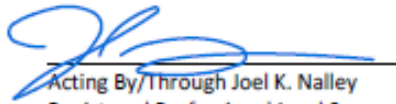
8. South 87°35'13" West, 200.54 feet to a 5/8-inch iron rod (with cap) found, being on the west line of said called 61.013 acre tract, being on the east line of Restricted Reserve "A" of Replat Wal-Mart Tomball recorded in Film Code No. 519114, Harris County Map Records, and being the southwest corner of the herein described tract;

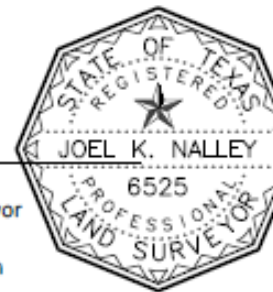
THENCE, North 02°26'12" West, 555.32 feet to a 2-inch iron pipe found, being on the east line of said Restricted Reserve "A", being an exterior corner of said called 61.013 acre tract, and being the southwest corner of said called 6.7133 acre tract;

THENCE, North 87°45'25" East, 472.90 feet to a 1-inch iron pipe found, being the southeast corner of said called 6.7133 acre tract, being an interior corner of said called 61.013 acre tract;

THENCE, North 02°26'51" West, 368.19 feet to the **POINT OF BEGINNING, CONTAINING 33.4418 acres (1,456,725 square feet)** of land in Harris County, Texas, filed in the offices of Elevation Land Solutions in The Woodlands, Texas.

Elevation Land Solutions
2445 Technology Forest Blvd, Suite #200
The Woodlands, Texas 77381
(832) 823-2200
*Texas Board of Professional Engineers &
Land Surveyors Firm Reg. No. 10194692*


Acting By/Through Joel K. Nalley
Registered Professional Land Surveyor
No. 6525
jnalley@elevationlandsolutions.com

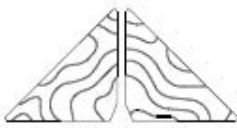


12/17/2021

P:\610.042 Chesmar Homes\00-Surveying Services\Legal Descriptions\042-00 33.4418 acres Section 1 plat m&b.doc

EXHIBIT B-1 – DISTRICT BOUNDARY MAP





ELEVATION
land solutions

TBPE REGISTRATION NUMBER F-18141
2445 TECHNOLOGY FOREST BLVD, SUITE 200
THE WOODLANDS, TX 77381 832-623-2206

DATE	REVISION	APP

**SITE LOCATION
MAP**

01 OF 08

ELEVATION LAND SOLUTIONS - WOOD LEAF

EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP

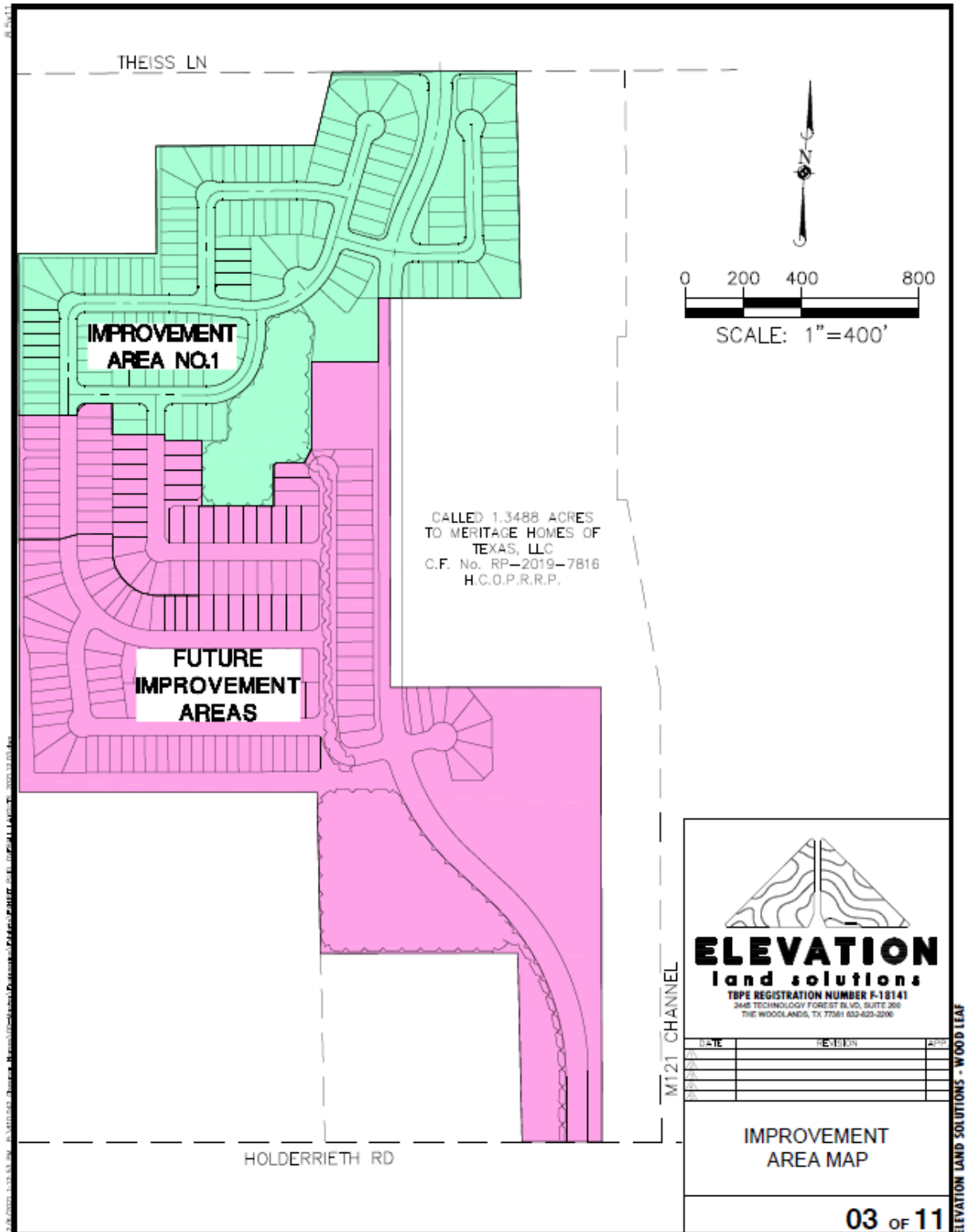


EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs [a]		Improvement Area #1 %	Costs		Future Improvement Areas %	Cost
<i>Improvement Area #1 Improvements</i>							
Streets	\$ 1,791,578	100.00%	\$ 1,791,578	0.00%	\$ -		
Water	336,661	100.00%	336,661	0.00%	-		
Wastewater	405,763	100.00%	405,763	0.00%	-		
Drainage	583,655	100.00%	583,655	0.00%	-		
Natural Gas	259,329	100.00%	259,329	0.00%	-		
Soft Costs	1,097,520	100.00%	1,097,520	0.00%	-		
	<u>\$ 4,474,506</u>		<u>\$ 4,474,506</u>		<u>\$ -</u>		
<i>Major Improvements</i>							
Wastewater	263,685	41.33%	108,971	58.67%	154,714		
Detention, Clearing and Grubbing	1,553,026	41.33%	641,804	58.67%	911,222		
Soft Costs	690,431	41.33%	285,328	58.67%	405,103		
	<u>\$ 2,507,142</u>		<u>\$ 1,036,102</u>		<u>\$ 1,471,040</u>		
<i>Improvement Area #1 Initial Bond Issuance Costs</i>							
Debt Service Reserve Fund	\$ 149,320	100.00%	\$ 149,320	0.00%	\$ -		
Capitalized Interest	61,418	100.00%	61,418	0.00%	-		
Underwriter Discount	75,920	100.00%	75,920	0.00%	-		
Cost of Issuance	140,000	100.00%	140,000	0.00%	-		
	<u>\$ 426,658</u>		<u>\$ 426,658</u>		<u>\$ -</u>		
<i>First Year Annual Collection Costs</i>							
First Year Annual Collection Costs	45,000	100.00%	45,000	0.00%	-		
	<u>\$ 45,000</u>		<u>\$ 45,000</u>		<u>\$ -</u>		
Total	\$ 7,453,306		\$ 5,982,266		\$ 1,471,040		

Notes:

[a] Costs were determined by the Engineer's Opinion of Probable Cost prepared by Elevation Land Solutions dated November 2021.

EXHIBIT D – SERVICE PLAN

		Improvement Area #1					
Installments Due		1/31/2022	1/31/2023	1/31/2024	1/31/2025	1/31/2026	
<i>Improvement Area #1 Initial Bonds</i>							
Principal		\$ -	\$ 46,000	\$ 48,000	\$ 49,000	\$ 51,000	
Interest		61,418	103,320	101,250	99,090	96,885	
Capitalized Interest		(61,418)	-	-	-	-	
	(1)	\$ -	\$ 149,320	\$ 149,250	\$ 148,090	\$ 147,885	
<i>Improvement Area #1 Reimbursement Obligation</i>							
Principal		\$ -	\$ 37,725	\$ 38,805	\$ 41,015	\$ 42,355	
Interest		-	103,163	101,450	99,688	97,826	
	(2)	\$ -	\$ 140,888	\$ 140,255	\$ 140,703	\$ 140,181	
Annual Collection Costs		\$ -	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709	
Additonal Interest [a]		-	11,480	11,250	11,010	10,765	
	(3)	\$ -	\$ 57,380	\$ 58,068	\$ 58,764	\$ 59,474	
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 347,588	\$ 347,573	\$ 347,558	\$ 347,541	

Notes:

[a] Additional Interest is applied to Improvement Area #1 Initial Bonds only

EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Future Improvement Area (b)	Total
Sources of Funds			
Improvement Area #1 Bond Par	\$ 2,296,000	\$ -	\$ 2,296,000
Improvement Area #1 Reimbursement Obligation [a]	2,272,310	-	2,272,310
Owner Contribution	1,413,956	1,471,040	2,884,996
Total Sources	\$ 5,982,266	\$ 1,471,040	\$ 7,453,306
Uses of Funds			
<i>Improvement Area #1 Projects</i>			
Improvement Area #1 Improvements	\$ 4,474,506	\$ -	\$ 4,474,506
Major Improvements	1,036,102	1,471,040	2,507,142
	\$ 5,510,608	\$ 1,471,040	\$ 6,981,648
<i>Improvement Area #1 Initial Bond Issuance Costs</i>			
Debt Service Reserve Fund	\$ 149,320	\$ -	\$ 149,320
Capitalized Interest	61,418	-	61,418
Underwriter Discount	75,920	-	75,920
Cost of Issuance	140,000	-	140,000
	\$ 426,658	\$ -	\$ 426,658
<i>First Year Annual Collection Costs</i>			
First Year Annual Collection Costs	\$ 45,000	\$ -	\$ 45,000
	\$ 45,000	\$ -	\$ 45,000
Total Uses	\$ 5,982,266	\$ 1,471,040	\$ 7,453,306

Notes:

[a] Subject to Improvement Area #1 Reimbursement Agreement.

[b] The Owner Contribution relating to the Future Improvement Area may be reimbursed with Future Improvement Area Bonds.

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/23
TBD ^a	Block 1 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 3	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 4	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 5	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 6	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 7	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 8	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 9	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 10	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 11	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 12	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 13	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 14	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 15	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 16	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 17	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 18	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 19	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 20	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 1 Lot 21	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 3	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 4	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 5	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 6	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 2 Lot 7	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 3 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 3 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 3	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 4	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 5	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 6	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 7	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 8	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 9	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 10	Lot Type 2	\$ 40,322.57	\$ 3,068.01

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/23
TBD ^a	Block 4 Lot 11	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 12	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 13	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 14	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 15	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 4 Lot 16	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 17	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 18	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 19	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 20	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 21	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 22	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 23	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 24	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 25	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 26	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 27	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 28	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 29	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 30	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 31	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 32	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 33	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 34	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 35	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 36	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 37	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 38	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 39	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 40	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 41	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 42	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 43	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 44	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 45	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 46	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 47	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 48	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 49	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 50	Lot Type 1	\$ 34,392.78	\$ 2,616.83

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/23
TBD ^a	Block 4 Lot 51	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 52	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 4 Lot 53	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 5 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 5 Lot 3	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 5 Lot 4	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 5 Lot 5	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 6	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 7	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 8	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 9	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 10	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 11	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 12	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 13	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 14	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 15	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 16	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 17	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 5 Lot 18	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 1	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 2	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 3	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 4	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 5	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 6	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 7	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 8	Lot Type 2	\$ 40,322.57	\$ 3,068.01
TBD ^a	Block 6 Lot 9	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 10	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 11	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 12	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 13	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 14	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 15	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 16	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 17	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 18	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 19	Lot Type 1	\$ 34,392.78	\$ 2,616.83

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/23
TBD ^a	Block 6 Lot 20	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 21	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Block 6 Lot 22	Lot Type 1	\$ 34,392.78	\$ 2,616.83
TBD ^a	Reserve A	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve B	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve C	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve D	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve E	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve F	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve G	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve H	Non-Benefited	\$ -	\$ -
TBD ^a	Reserve I	Non-Benefited	\$ -	\$ -
Total Initial Parcel			\$ 4,568,310.00	\$ 347,587.87

[a] The final plat for Wood Leaf Reserve Section 1 was recorded on January 4, 2021. Property IDs for each Parcel will be assigned by the Harris County Appraisal District in 2022 for Annual Installments due 1/31/23.

EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installments Due	Improvement Area #1 Initial Bonds				Improvement Area #1 Reimbursement Obligation		Annual Collection Costs	Total Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	Principal	Interest [c]		
1/31/2022	-	61,418.00	(61,418.00)	-	-	-	-	-
1/31/2023	46,000.00	103,320.00	-	11,480.00	37,725.00	103,162.87	45,900.00	347,587.87
1/31/2024	48,000.00	101,250.00	-	11,250.00	38,805.00	101,450.16	46,818.00	347,573.16
1/31/2025	49,000.00	99,090.00	-	11,010.00	41,015.00	99,688.41	47,754.36	347,557.77
1/31/2026	51,000.00	96,885.00	-	10,765.00	42,355.00	97,826.33	48,709.45	347,540.78
1/31/2027	52,000.00	94,590.00	-	10,510.00	44,837.00	95,903.41	49,683.64	347,524.05
1/31/2028	54,000.00	92,250.00	-	10,250.00	46,461.00	93,867.81	50,677.31	347,506.12
1/31/2029	56,000.00	89,820.00	-	9,980.00	48,239.00	91,758.48	51,690.86	347,488.34
1/31/2030	57,000.00	87,300.00	-	9,700.00	51,176.00	89,568.43	52,724.67	347,469.11
1/31/2031	59,000.00	84,735.00	-	9,415.00	53,274.00	87,245.04	53,779.17	347,448.21
1/31/2032	61,000.00	82,080.00	-	9,120.00	55,546.00	84,826.40	54,854.75	347,427.15
1/31/2033	63,000.00	79,335.00	-	8,815.00	57,998.00	82,304.62	55,951.84	347,404.46
1/31/2034	65,000.00	76,500.00	-	8,500.00	60,639.00	79,671.51	57,070.88	347,381.39
1/31/2035	67,000.00	73,575.00	-	8,175.00	63,476.00	76,918.50	58,212.30	347,356.79
1/31/2036	70,000.00	70,560.00	-	7,840.00	65,519.00	74,036.69	59,376.54	347,332.23
1/31/2037	72,000.00	67,410.00	-	7,490.00	68,779.00	71,062.12	60,564.08	347,305.20
1/31/2038	74,000.00	64,170.00	-	7,130.00	72,263.00	67,939.56	61,775.36	347,277.91
1/31/2039	77,000.00	60,840.00	-	6,760.00	74,980.00	64,658.82	63,010.86	347,249.68
1/31/2040	79,000.00	57,375.00	-	6,375.00	78,943.00	61,254.72	64,271.08	347,218.81
1/31/2041	82,000.00	53,820.00	-	5,980.00	82,160.00	57,670.71	65,556.50	347,187.21
1/31/2042	85,000.00	50,130.00	-	5,570.00	85,646.00	53,940.65	66,867.63	347,154.28
1/31/2043	88,000.00	46,305.00	-	5,145.00	89,413.00	50,052.32	68,204.99	347,120.31
1/31/2044	91,000.00	42,345.00	-	4,705.00	93,473.00	45,992.97	69,569.09	347,085.05
1/31/2045	94,000.00	38,250.00	-	4,250.00	97,838.00	41,749.30	70,960.47	347,047.76
1/31/2046	97,000.00	34,020.00	-	3,780.00	102,521.00	37,307.45	72,379.68	347,008.13
1/31/2047	100,000.00	29,655.00	-	3,295.00	107,537.00	32,653.00	73,827.27	346,967.27
1/31/2048	104,000.00	25,155.00	-	2,795.00	111,900.00	27,770.82	75,303.82	346,924.63
1/31/2049	108,000.00	20,475.00	-	2,275.00	116,629.00	22,690.56	76,809.89	346,879.45
1/31/2050	111,000.00	15,615.00	-	1,735.00	122,741.00	17,395.60	78,346.09	346,832.69
1/31/2051	116,000.00	10,620.00	-	1,180.00	127,247.00	11,823.16	79,913.01	346,783.17
1/31/2052	120,000.00	5,400.00	-	600.00	133,175.00	6,046.15	81,511.27	346,732.42
Total	\$ 2,296,000.00	\$ 1,914,293.00	\$ (61,418.00)	\$ 205,875.00	\$ 2,272,310.00	\$ 1,928,236.56	\$ 1,862,074.84	\$10,417,371.40

[a] Interest is calculated at a 4.50% rate, actual rate will be determined at the time Improvement Area #1 Initial Bonds are issued.

[b] Additional Interest is calculated at a 0.50% rate.

[c] Interest is calculated pursuant to the Bond Buyer's 20 Bond Index rate of 2.54% as of February 22, 2022 plus 2.0%, resulting in a total interest rate of 4.54% for the Reimbursement Obligation.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H – MAXIMUM ASSESSMENT PER LOT TYPE

Improvement Area #1			
Lot Type	Units	Total Assessment	Maximum Assessment per Lot Type
1	66	\$ 2,269,923.50	\$34,392.78 per Unit
2	57	\$ 2,298,386.50	\$40,322.57 per Unit
Total		\$ 4,568,310.00	

EXHIBIT I – CONCEPT PLAN

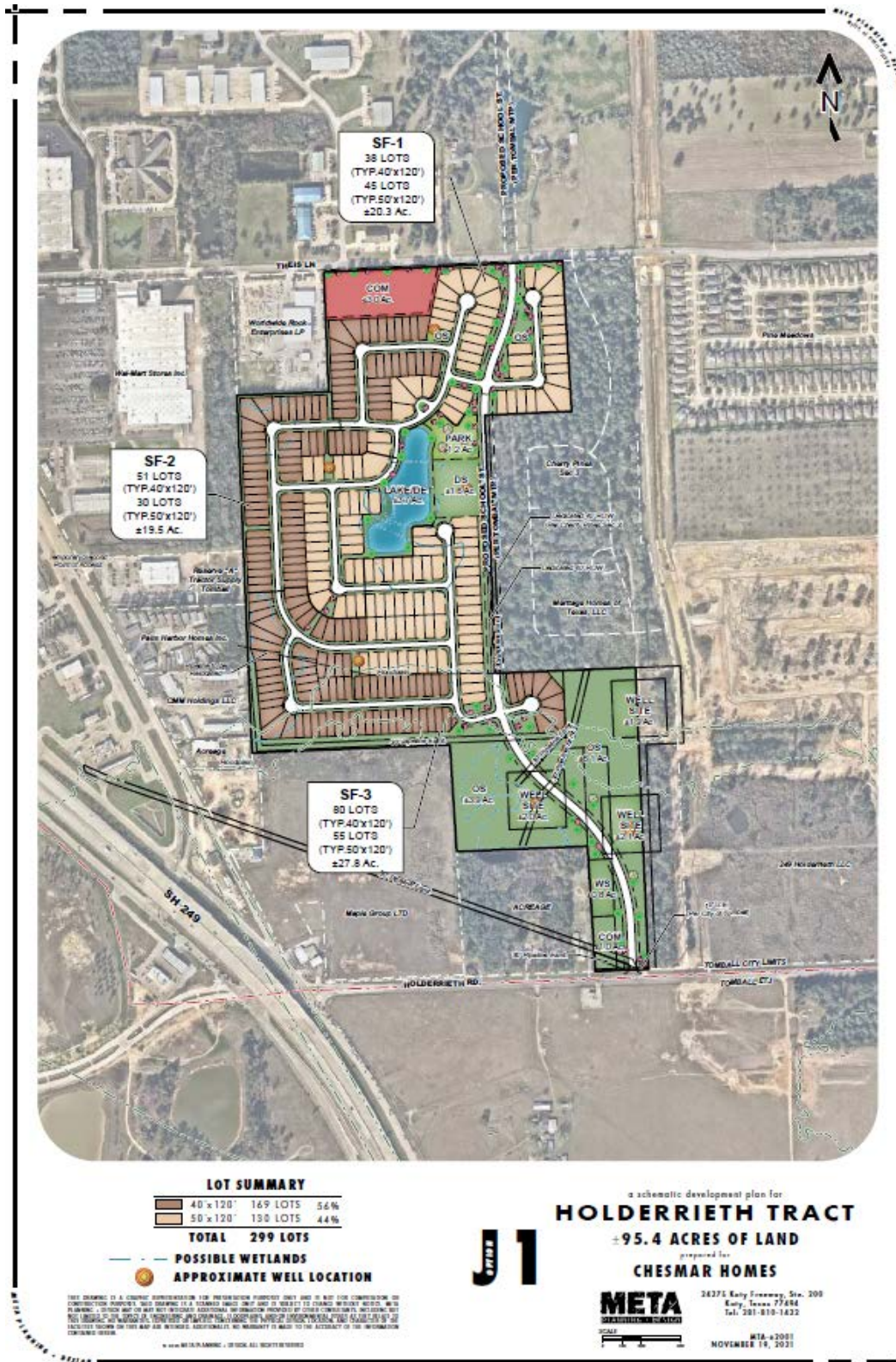
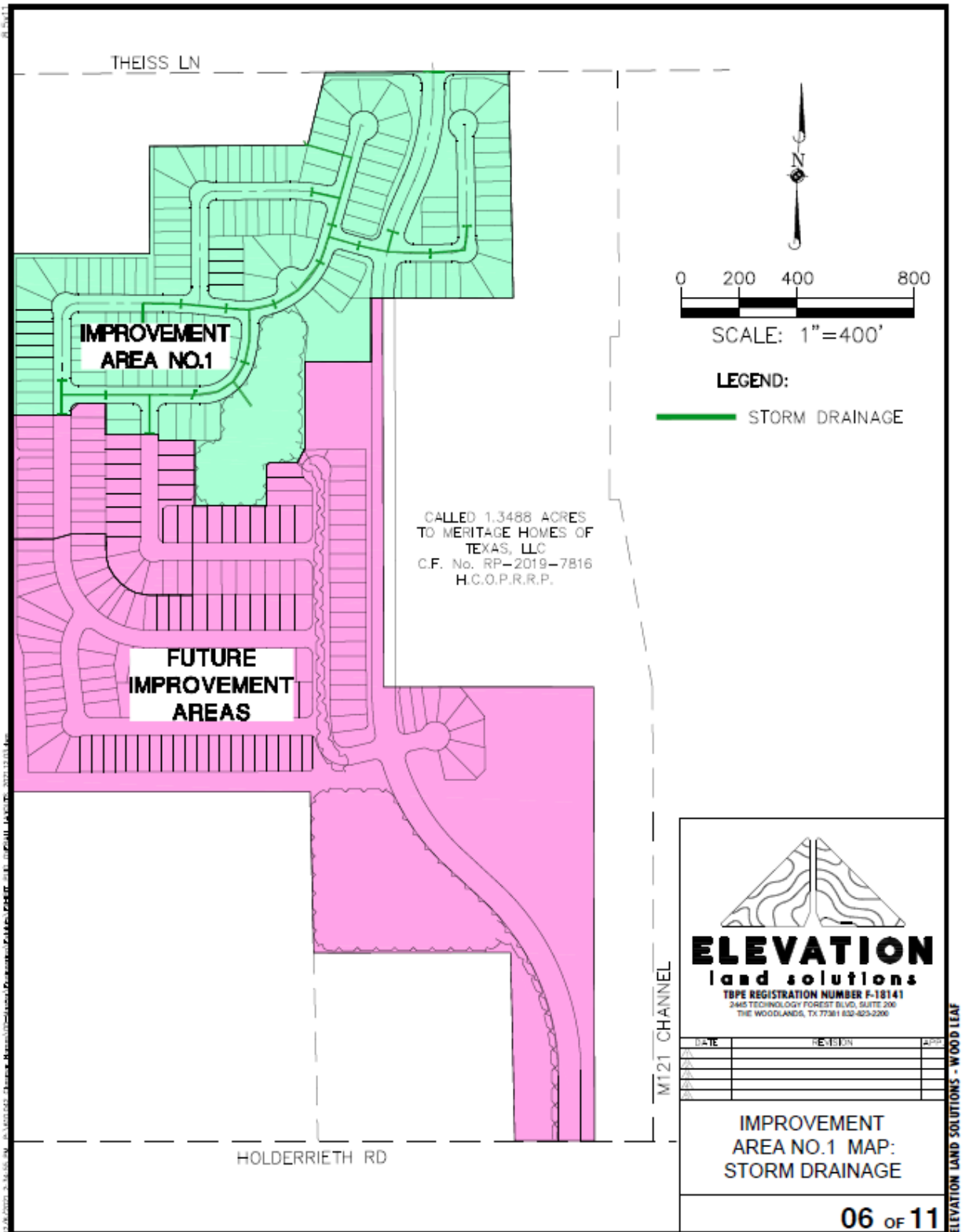
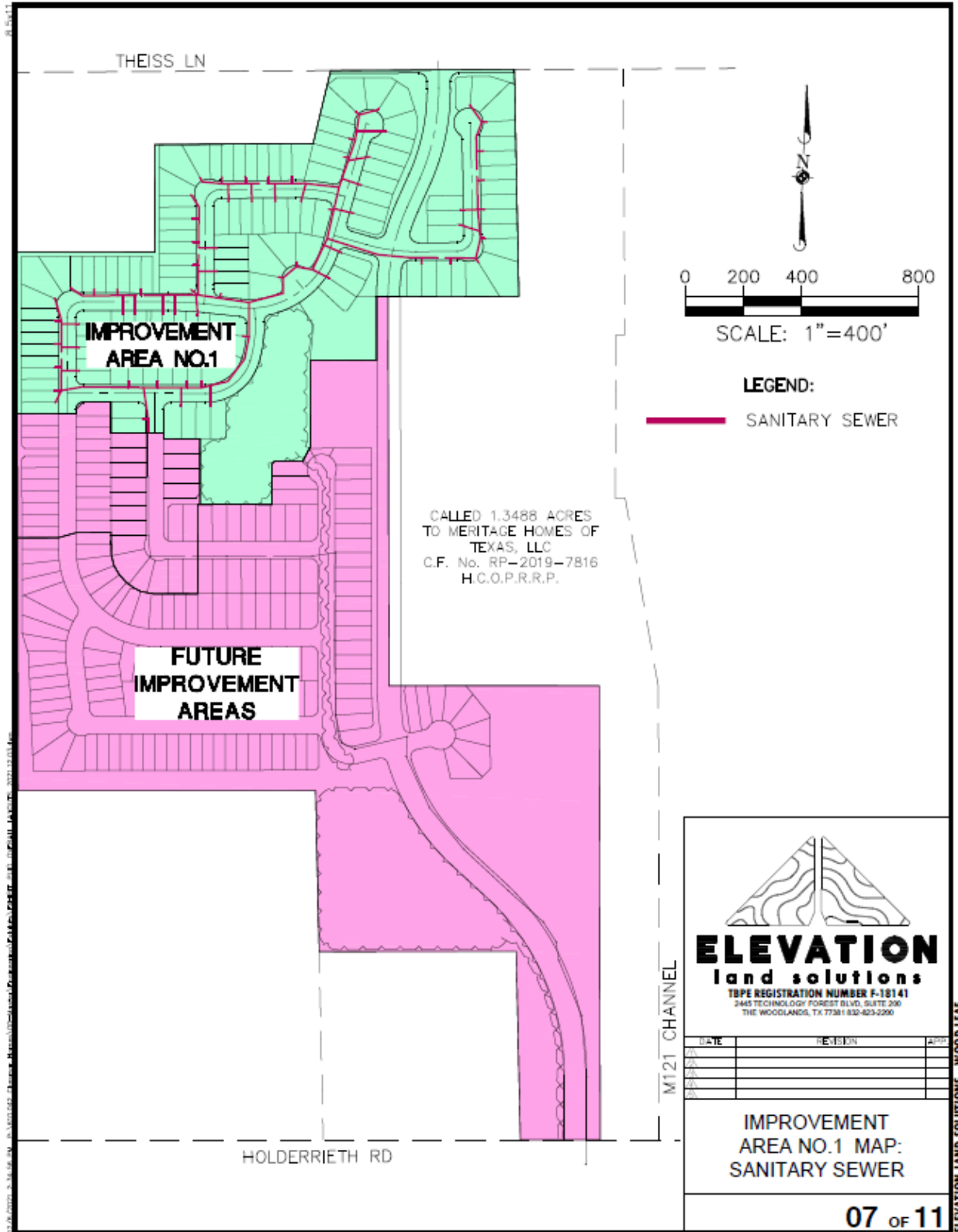
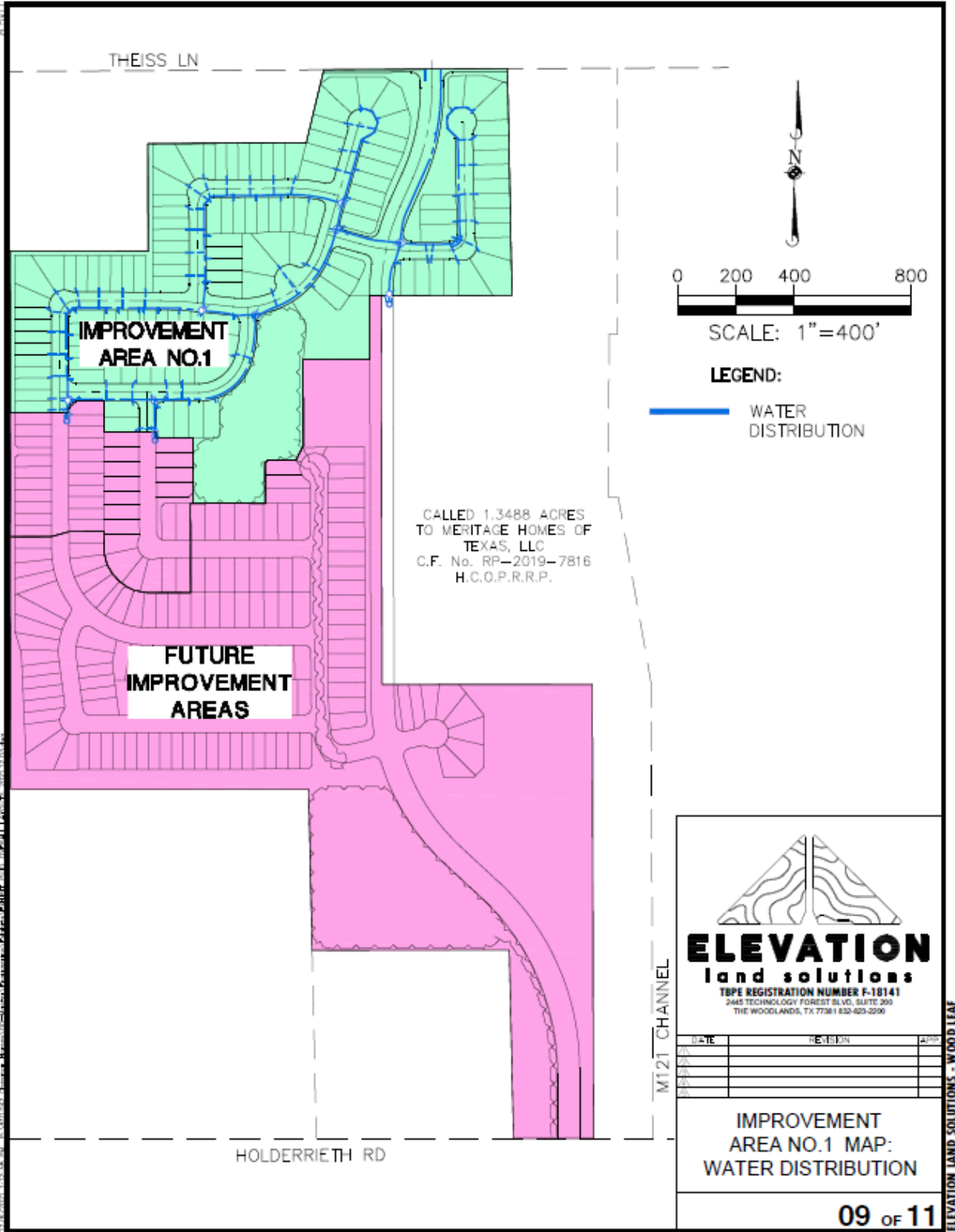
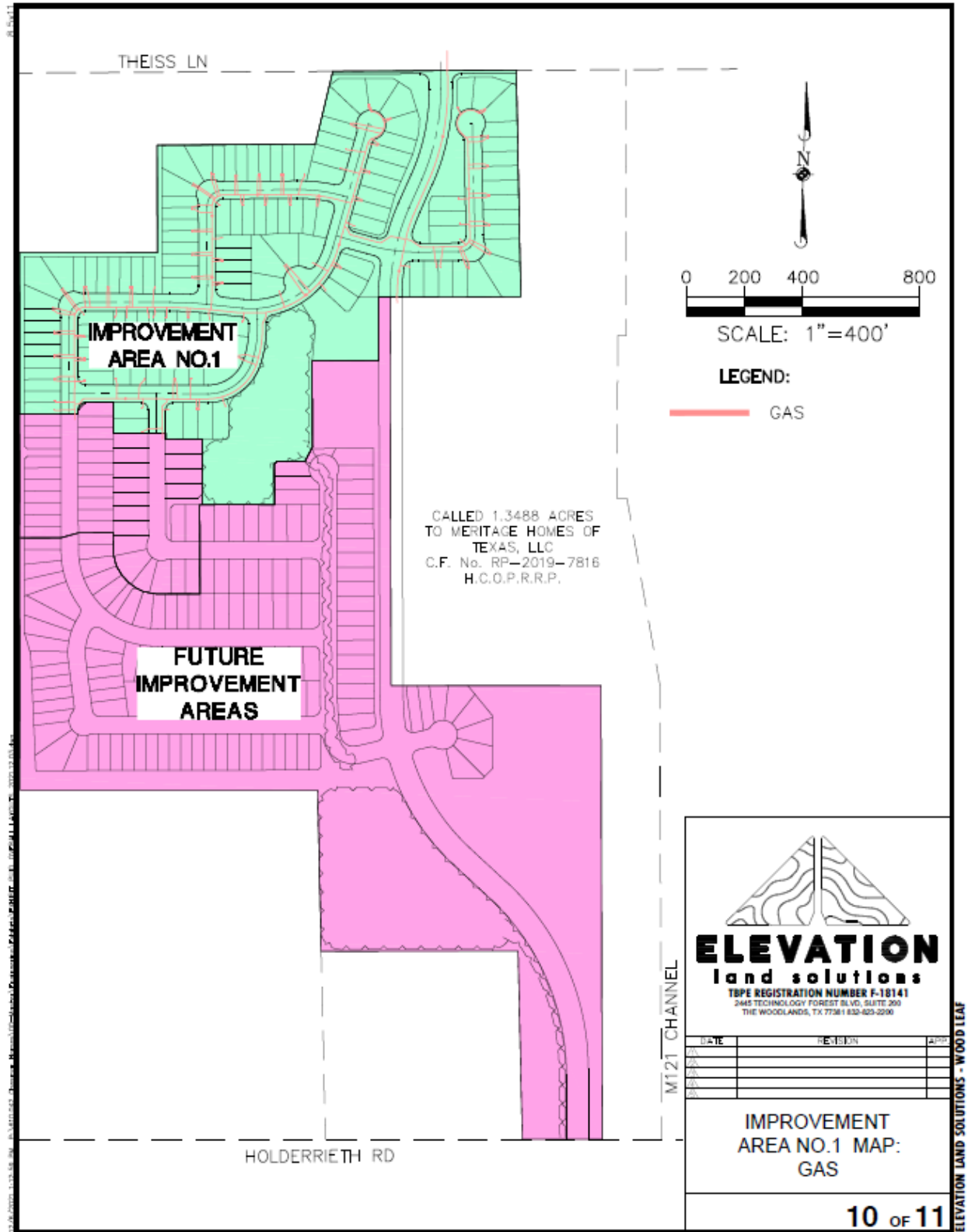


EXHIBIT J-1 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS









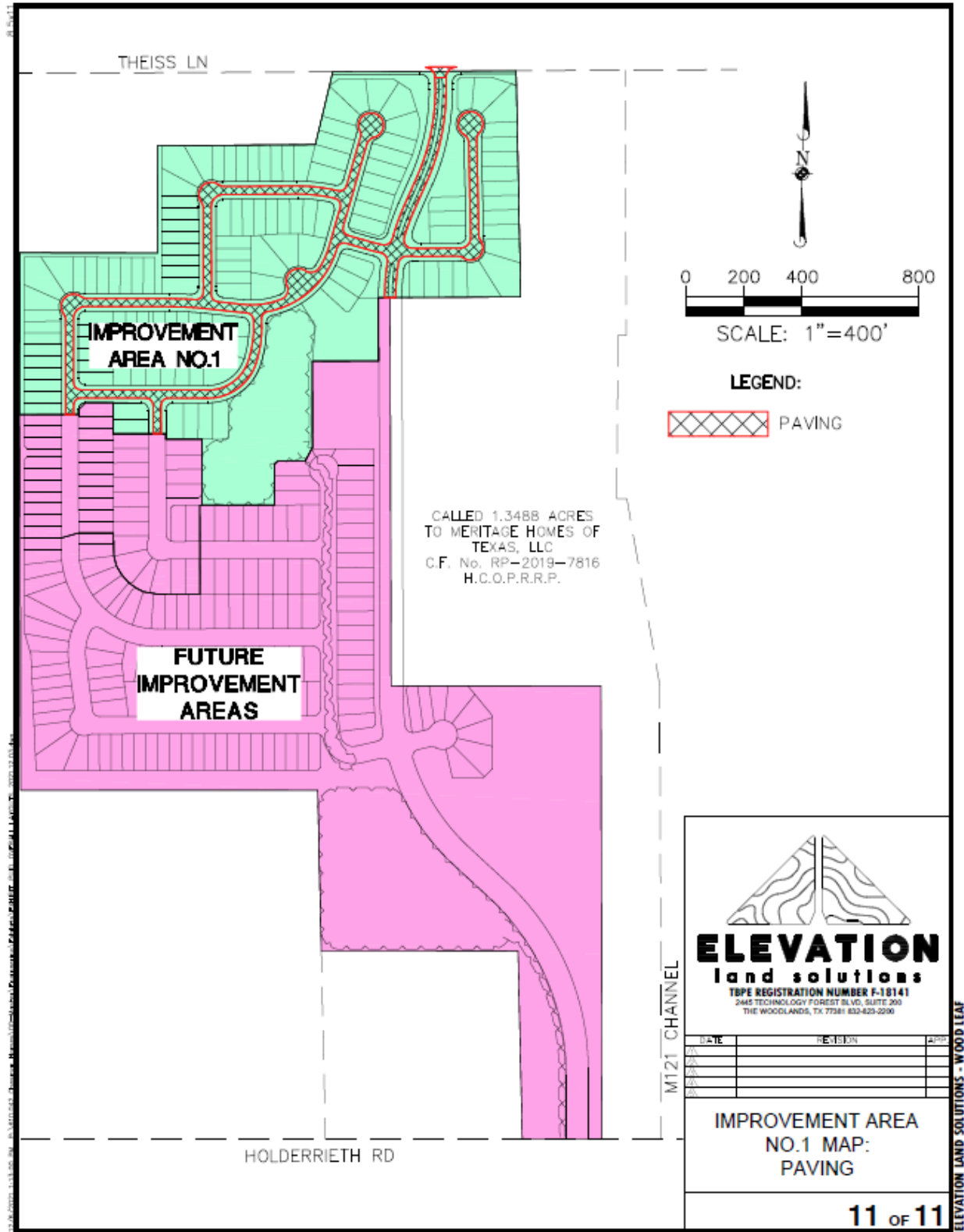
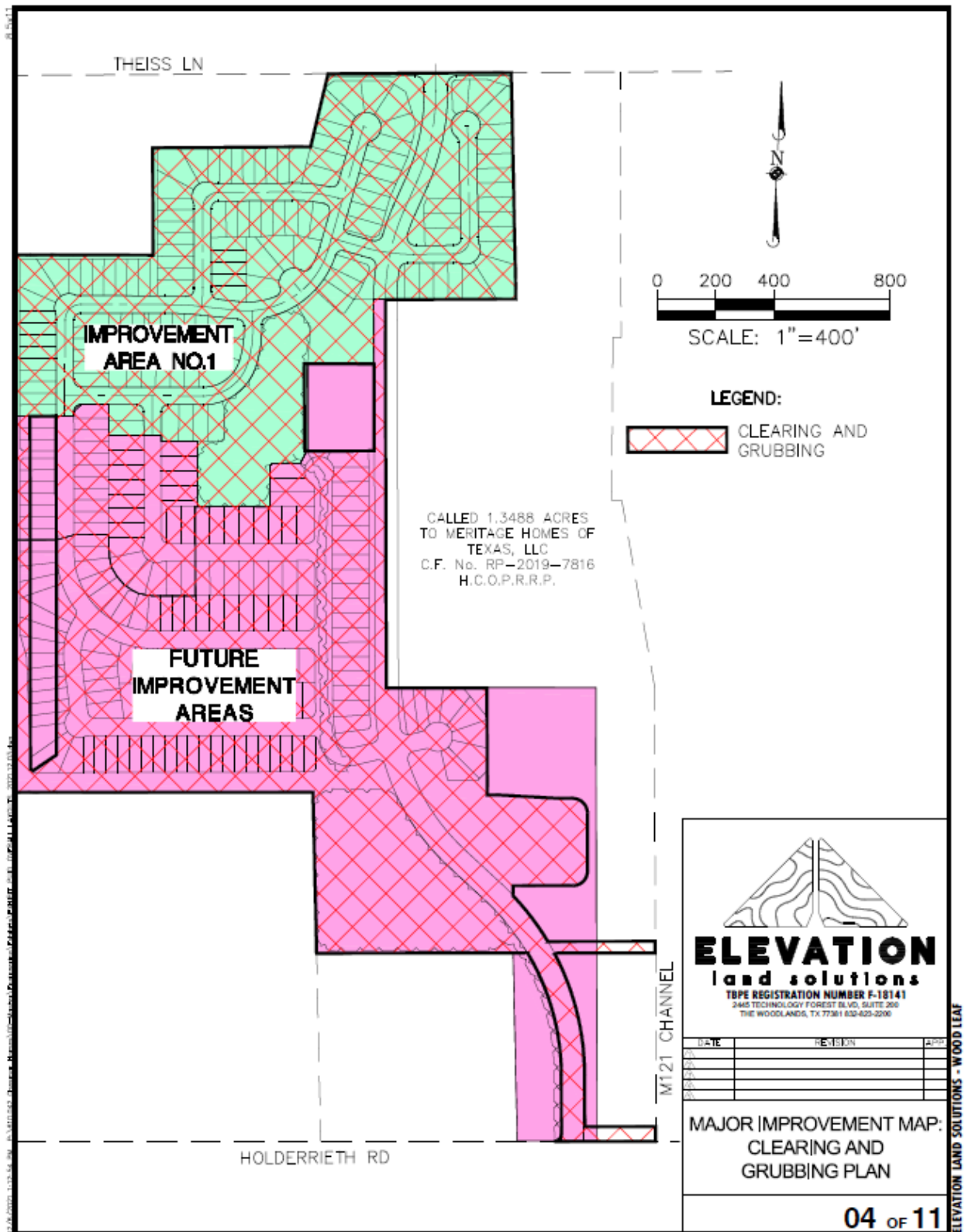
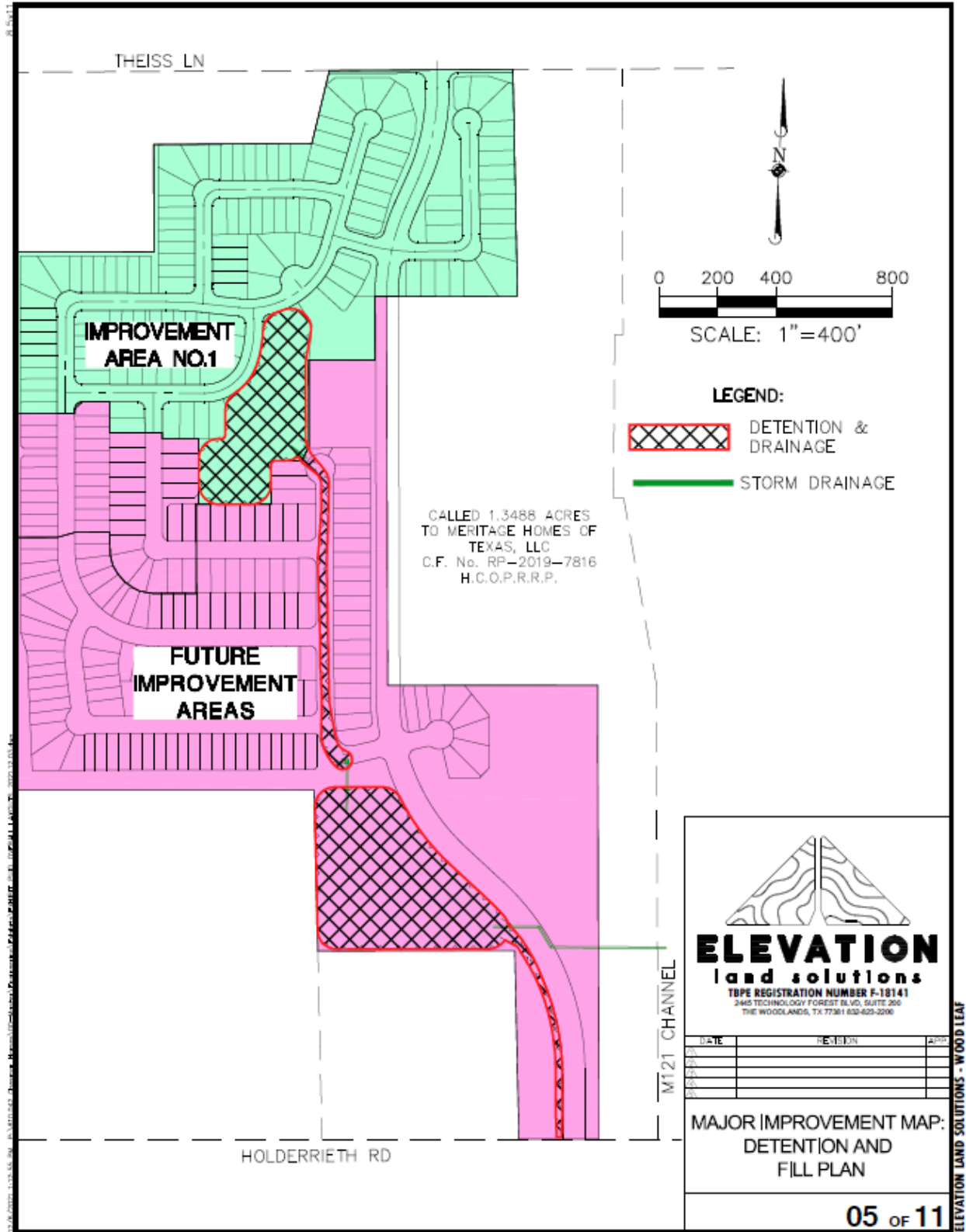


EXHIBIT J-2 – MAPS OF MAJOR IMPROVEMENTS





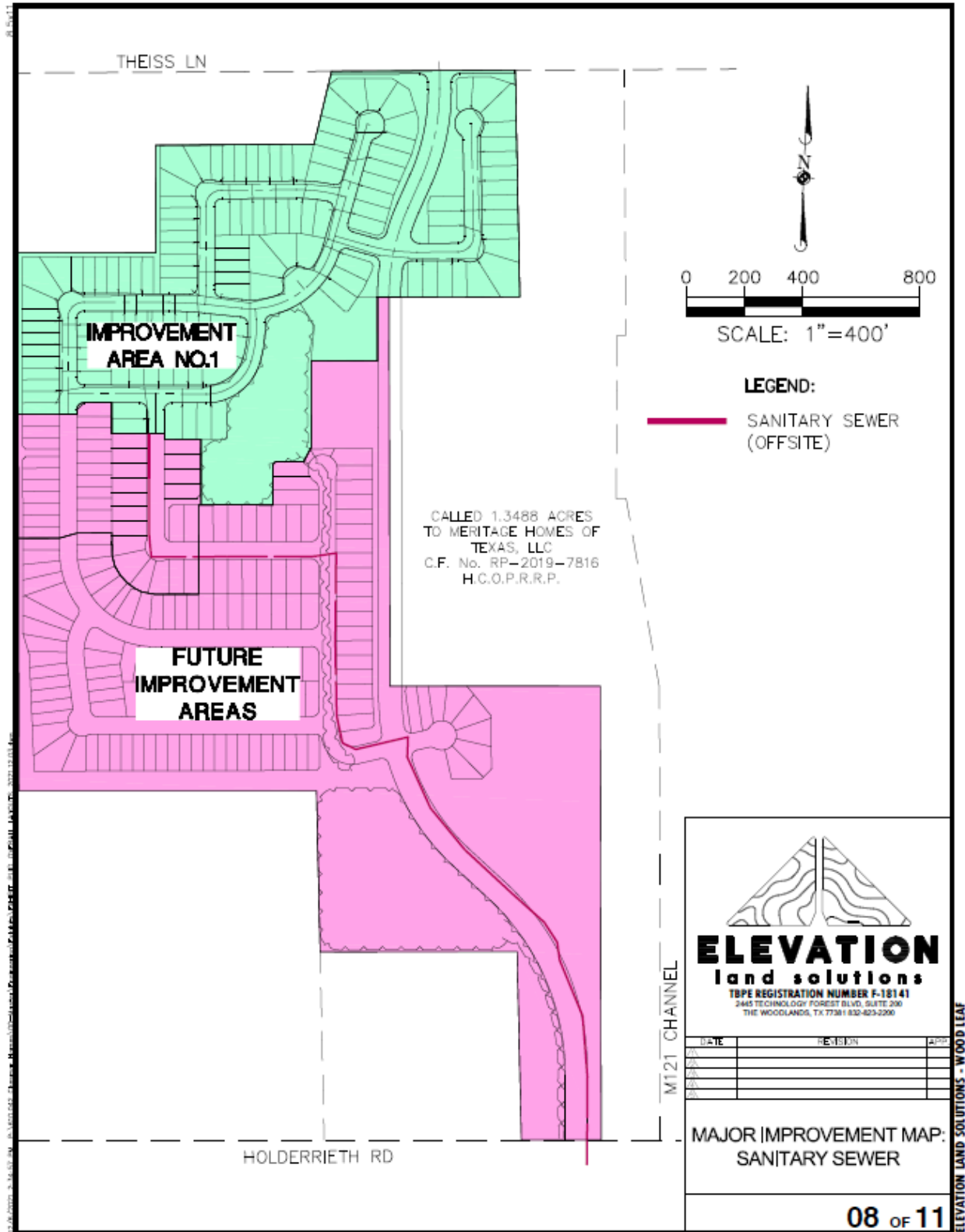


EXHIBIT K – ESTIMATED BUILDOUT VALUE

			Estimated		Total Estimated		% of Estimated
Units			Buildout Value		Buildout Value		Buildout Value
Improvement Area #1							
40'	66	lots	\$	290,000	\$	19,140,000	41.33%
50'	57	lots	\$	340,000	\$	19,380,000	
					\$	38,520,000	
Future Improvement Areas							
40'	103	lots	\$	290,000	\$	29,870,000	58.67%
50'	73	lots	\$	340,000	\$	24,820,000	
					\$	54,690,000	
					\$	93,210,000	100.00%



EXHIBIT L – NOTICE OF PID ASSESSMENT TERMINATION

P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Harris County Civil Courthouse
Honorable [County Clerk Name]
201 Caroline, Suite 310
Houston, Texas 77002

Re: City of Tomball Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Tomball 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 Tomball
Attn: [City Secretary]
401 Market Street
Tomball, Texas 77375

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]
City of Tomball
401 Market Street
Tomball, Texas 77375**

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 HARRIS	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Tomball, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Tomball, 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 January 18, 2021, the City Council for the City, approved Resolution No. 2021-04, creating the Wood Leaf Reserve Public Improvement District; and

WHEREAS, the Wood Leaf Reserve Public Improvement District consists of approximately 90.54 contiguous acres located within the City; and

WHEREAS, on or about____, ____, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Wood Leaf Reserve 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:

LINE TABLE			LINE TABLE		
LINE	REMARKS	LENGTH	LINE	REMARKS	LENGTH
12	SECTION 24	36.00	13	SECTION 25	24.00
13	SECTION 25	34.00	14	SECTION 26	16.00
14	SECTION 26	26.00	15	SECTION 27	20.00
15	SECTION 27	14.00	16	SECTION 28	20.00
16	SECTION 28	14.00	17	SECTION 29	20.00
17	SECTION 29	14.00	18	SECTION 30	20.00
18	SECTION 30	14.00	19	SECTION 31	20.00
19	SECTION 31	14.00	20	SECTION 32	20.00
20	SECTION 32	14.00	21	SECTION 33	20.00
21	SECTION 33	14.00	22	SECTION 34	20.00
22	SECTION 34	14.00	23	SECTION 35	20.00
23	SECTION 35	14.00	24	SECTION 36	20.00
24	SECTION 36	14.00	25	SECTION 37	20.00
25	SECTION 37	14.00	26	SECTION 38	20.00
26	SECTION 38	14.00	27	SECTION 39	20.00
27	SECTION 39	14.00	28	SECTION 40	20.00
28	SECTION 40	14.00	29	SECTION 41	20.00
29	SECTION 41	14.00	30	SECTION 42	20.00
30	SECTION 42	14.00	31	SECTION 43	20.00
31	SECTION 43	14.00	32	SECTION 44	20.00
32	SECTION 44	14.00	33	SECTION 45	20.00
33	SECTION 45	14.00	34	SECTION 46	20.00
34	SECTION 46	14.00	35	SECTION 47	20.00
35	SECTION 47	14.00	36	SECTION 48	20.00
36	SECTION 48	14.00	37	SECTION 49	20.00
37	SECTION 49	14.00	38	SECTION 50	20.00
38	SECTION 50	14.00	39	SECTION 51	20.00
39	SECTION 51	14.00	40	SECTION 52	20.00
40	SECTION 52	14.00	41	SECTION 53	20.00
41	SECTION 53	14.00	42	SECTION 54	20.00
42	SECTION 54	14.00	43	SECTION 55	20.00
43	SECTION 55	14.00	44	SECTION 56	20.00
44	SECTION 56	14.00	45	SECTION 57	20.00
45	SECTION 57	14.00	46	SECTION 58	20.00
46	SECTION 58	14.00	47	SECTION 59	20.00
47	SECTION 59	14.00	48	SECTION 60	20.00
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50	SECTION 62	14.00	51	SECTION 63	20.00
51	SECTION 63	14.00	52	SECTION 64	20.00
52	SECTION 64	14.00	53	SECTION 65	20.00
53	SECTION 65	14.00	54	SECTION 66	20.00
54	SECTION 66	14.00	55	SECTION 67	20.00
55	SECTION 67	14.00	56	SECTION 68	20.00
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59	SECTION 71	14.00	60	SECTION 72	20.00
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63	SECTION 75	14.00	64	SECTION 76	20.00
64	SECTION 76	14.00	65	SECTION 77	20.00
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66	SECTION 78	14.00	67	SECTION 79	20.00
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70	SECTION 82	14.00	71	SECTION 83	20.00
71	SECTION 83	14.00	72	SECTION 84	20.00
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73	SECTION 85	14.00	74	SECTION 86	20.00
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77	SECTION 89	14.00	78	SECTION 90	20.00
78	SECTION 90	14.00	79	SECTION 91	20.00
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82	SECTION 94	14.00	83	SECTION 95	20.00
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87	SECTION 99	14.00	88	SECTION 100	20.00
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91	SECTION 103	14.00	92	SECTION 104	20.00
92	SECTION 104	14.00	93	SECTION 105	20.00
93	SECTION 105	14.00	94	SECTION 106	20.00
94	SECTION 106	14.00	95	SECTION 107	20.00
95	SECTION 107	14.00	96	SECTION 108	20.00
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157	SECTION 169	14.00	158	SECTION 170	20.00
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218	SECTION 230	14.00	219	SECTION 231	20.00
219	SECTION 231	14.00	220	SECTION 232	20.00
220	SECTION 232	14.00	221	SECTION 233	20.00
221	SECTION 233	14.00	222	SECTION 234	20.00
222	SECTION 234	14.00	223		

Profile #	Area (Sq Ft)	Area (M ²)
1	6000.00	5.5767
2	9985.81	9.2147

1. *Chlorophyll a* and *Chlorophyll b* were determined using a spectrophotometer (Shimadzu UV-1601) and the method of Lichtenthaler (1987). The total chlorophyll content was calculated using the following equation: $\text{Total Chlorophyll} = \frac{11.95 \times \text{Chlorophyll } a + 21.9 \times \text{Chlorophyll } b}{100}$. The chlorophyll content was expressed as $\mu\text{g/g}$ of fresh weight.

2. *Carotenoid content* was determined using a spectrophotometer (Shimadzu UV-1601) and the method of Lichtenthaler (1987). The total carotenoid content was calculated using the following equation: $\text{Total Carotenoid} = \frac{22.9 \times \text{Carotenoid } a + 45.6 \times \text{Carotenoid } b}{100}$. The carotenoid content was expressed as $\mu\text{g/g}$ of fresh weight.

3. *Protein content* was determined using a spectrophotometer (Shimadzu UV-1601) and the method of Lowry (1956). The protein content was expressed as $\mu\text{g/g}$ of fresh weight.

4. *Enzyme activity* was determined using a spectrophotometer (Shimadzu UV-1601) and the method of Bradford (1976). The enzyme activity was expressed as $\mu\text{g/g}$ of fresh weight.

5. *Antioxidant activity* was determined using a spectrophotometer (Shimadzu UV-1601) and the method of O'Dell (1991). The antioxidant activity was expressed as $\mu\text{g/g}$ of fresh weight.

6. *Gene expression* was determined using a spectrophotometer (Shimadzu UV-1601) and the method of Sambrook et al. (1989). The gene expression was expressed as $\mu\text{g/g}$ of fresh weight.

7. *Statistical analysis* was performed using the SPSS 16.0 software package. The data were analyzed using one-way ANOVA and the results were expressed as mean \pm standard deviation.

8. *References*: Lichtenthaler, H.K. (1987). Determination of chlorophyll and carotenoid content of plant tissues. *Methods in Enzymology*, 148, 15-30.

9. *References*: Lowry, O.H. (1956). Protein measurement with the Folin phenol reagent. *Journal of Biological Chemistry*, 219, 1-6.

10. *References*: Bradford, M.M. (1976). A rapid and sensitive method for the quantitation of microgram quantities of protein utilizing a dye-binding technique. *Analyst*, 70, 248-255.

11. *References*: O'Dell, J. (1991). Antioxidant activity of plant tissues. *Methods in Enzymology*, 192, 1-10.

12. *References*: Sambrook, J., Fritsch, E.F., and Maniatis, T. (1989). *Molecular Cloning: A Laboratory Manual*. Cold Spring Harbor, NY: Cold Spring Harbor Laboratory Press.

quality-relevant information into the system. The second step is to select and synthesize an appropriate set of indicators to capture the information that is most useful. Finally, the data are collected.

Indicators
The first, and most important, component of the development of the dashboard is the selection of the indicators. The authors state that the selection of indicators is a challenging task because of the large number of indicators that are available. The authors suggest that the selection of indicators should be based on the following criteria:

- The indicator should be relevant to the organization's strategy.
- The indicator should be measurable.
- The indicator should be reliable.
- The indicator should be valid.
- The indicator should be easy to understand.
- The indicator should be easy to use.

The authors also suggest that the selection of indicators should be based on the following criteria:

- The indicator should be relevant to the organization's strategy.
- The indicator should be measurable.
- The indicator should be reliable.
- The indicator should be valid.
- The indicator should be easy to understand.
- The indicator should be easy to use.

The authors conclude that the selection of indicators is a challenging task, but that it is essential for the development of a dashboard. They suggest that the selection of indicators should be based on the following criteria:

- The indicator should be relevant to the organization's strategy.
- The indicator should be measurable.
- The indicator should be reliable.
- The indicator should be valid.
- The indicator should be easy to understand.
- The indicator should be easy to use.

WOOD LEAF SECTION
FINAL P
SUBDIVISION OF 33.44
BEING A PA
THE CLAUDE N. PILLO
HARRIS COUNTY
23 LOTS
9 RESERV
MARCH 2
OWNER/
DEVELOPER:
CHESMAN
A TEXAS (L
480 BELLEV
OF HOUSTO
(281-932-8
ENGINEER/
SURVEYOR:

FILE C039_004271
BOOK LEAF NUMBER SECTION = FINAL, PLAT
PAGE IN PAGE 2 OF 6 004271
SCANNED Campus World
07/11/2006

A SUBDIVISION OF 33.4418 ACRES OF LAND
BEING A PART OF
THE CLAUDE N. PILOT SURVEY, A-632

123 LOTS 9 RESERVES 6 BLOCKS

9 RESERVES 6 BLOCKS

CHESMAR HOMES, LLC
A TEXAS LIMITED LIABILITY CORP.
400 WILLOWOOD FOREST DR., SUITE 200
SPRING, TEXAS 77380
281-932-9937



Manhard
CONSULTING

EXHIBIT N-1 – LOT TYPE 1 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$34,392.78

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wood Leaf Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County.

ANNUAL INSTALLMENTS - LOT TYPE 1

Installments Due	Lot Type 1 - Improvement Area #1 Initial Bonds				Improvement Area #1 Reimbursement Obligation		Annual Collection Costs	Total Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	Principal	Interest [c]		
1/31/2022	-	462.39	(462.39)	-	-	-	-	-
1/31/2023	346.31	777.85	-	86.43	284.01	776.67	345.56	2,616.83
1/31/2024	361.37	762.27	-	84.70	292.15	763.77	352.47	2,616.72
1/31/2025	368.90	746.00	-	82.89	308.78	750.51	359.52	2,616.61
1/31/2026	383.96	729.40	-	81.04	318.87	736.49	366.71	2,616.48
1/31/2027	391.48	712.13	-	79.13	337.56	722.01	374.05	2,616.35
1/31/2028	406.54	694.51	-	77.17	349.78	706.69	381.53	2,616.22
1/31/2029	421.60	676.21	-	75.13	363.17	690.81	389.16	2,616.09
1/31/2030	429.13	657.24	-	73.03	385.28	674.32	396.94	2,615.94
1/31/2031	444.18	637.93	-	70.88	401.08	656.83	404.88	2,615.78
1/31/2032	459.24	617.94	-	68.66	418.18	638.62	412.98	2,615.62
1/31/2033	474.30	597.28	-	66.36	436.64	619.63	421.24	2,615.45
1/31/2034	489.36	575.93	-	63.99	456.52	599.81	429.66	2,615.28
1/31/2035	504.41	553.91	-	61.55	477.88	579.09	438.25	2,615.10
1/31/2036	527.00	531.21	-	59.02	493.26	557.39	447.02	2,614.91
1/31/2037	542.06	507.50	-	56.39	517.81	535.00	455.96	2,614.71
1/31/2038	557.11	483.11	-	53.68	544.04	511.49	465.08	2,614.50
1/31/2039	579.70	458.04	-	50.89	564.49	486.79	474.38	2,614.29
1/31/2040	594.76	431.95	-	47.99	594.33	461.16	483.87	2,614.06
1/31/2041	617.34	405.19	-	45.02	618.55	434.18	493.55	2,613.82
1/31/2042	639.93	377.41	-	41.93	644.79	406.10	503.42	2,613.57
1/31/2043	662.51	348.61	-	38.73	673.15	376.82	513.49	2,613.31
1/31/2044	685.10	318.80	-	35.42	703.72	346.26	523.75	2,613.05
1/31/2045	707.68	287.97	-	32.00	736.58	314.31	534.23	2,612.77
1/31/2046	730.27	256.12	-	28.46	771.84	280.87	544.91	2,612.47
1/31/2047	752.86	223.26	-	24.81	809.60	245.83	555.81	2,612.16
1/31/2048	782.97	189.38	-	21.04	842.45	209.07	566.93	2,611.84
1/31/2049	813.08	154.15	-	17.13	878.05	170.83	578.27	2,611.50
1/31/2050	835.67	117.56	-	13.06	924.06	130.96	589.83	2,611.15
1/31/2051	873.31	79.95	-	8.88	957.99	89.01	601.63	2,610.78
1/31/2052	903.43	40.65	-	4.52	1,002.62	45.52	613.66	2,610.39
Total	\$ 17,285.57	\$ 14,411.86	\$ (462.39)	\$ 1,549.94	\$ 17,107.21	\$ 14,516.84	\$ 14,018.74	\$ 78,427.77

[a] Interest is calculated at a 4.50% rate, actual rate will be determined at the time Improvement Area #1 Initial Bonds are issued.

[b] Additional Interest is calculated at a 0.50% rate.

[c] Interest is calculated pursuant to the Bond Buyer's 20 Bond Index rate of 2.54% as of February 22, 2022 plus 2.0%, resulting in a total interest rate of 4.54% for the Reimbursement Obligation.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

EXHIBIT N-2 – LOT TYPE 2 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$40,322.57

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within **Wood Leaf Reserve Public Improvement District** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF HARRIS

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris County.

ANNUAL INSTALLMENTS - LOT TYPE 2

Installments Due	Lot Type 2 - Improvement Area #1 Initial Bonds				Improvement Area #1 Reimbursement Obligation		Annual Collection Costs	Total Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	Principal	Interest [c]		
1/31/2022	-	542.11	(542.11)	-	-	-	-	-
1/31/2023	406.02	911.96	-	101.33	332.98	910.58	405.14	3,068.01
1/31/2024	423.68	893.69	-	99.30	342.52	895.46	413.24	3,067.88
1/31/2025	432.50	874.63	-	97.18	362.02	879.91	421.51	3,067.75
1/31/2026	450.16	855.16	-	95.02	373.85	863.47	429.94	3,067.60
1/31/2027	458.98	834.91	-	92.77	395.76	846.50	438.54	3,067.45
1/31/2028	476.64	814.25	-	90.47	410.09	828.53	447.31	3,067.29
1/31/2029	494.29	792.80	-	88.09	425.79	809.91	456.25	3,067.13
1/31/2030	503.12	770.56	-	85.62	451.71	790.58	465.38	3,066.97
1/31/2031	520.77	747.92	-	83.10	470.23	770.08	474.69	3,066.78
1/31/2032	538.42	724.49	-	80.50	490.28	748.73	484.18	3,066.59
1/31/2033	556.07	700.26	-	77.81	511.92	726.47	493.86	3,066.39
1/31/2034	573.73	675.23	-	75.03	535.24	703.23	503.74	3,066.19
1/31/2035	591.38	649.42	-	72.16	560.28	678.93	513.82	3,065.97
1/31/2036	617.86	622.80	-	69.20	578.31	653.49	524.09	3,065.76
1/31/2037	635.51	595.00	-	66.11	607.08	627.24	534.57	3,065.52
1/31/2038	653.17	566.40	-	62.93	637.84	599.67	545.27	3,065.28
1/31/2039	679.65	537.01	-	59.67	661.82	570.72	556.17	3,065.03
1/31/2040	697.30	506.43	-	56.27	696.80	540.67	567.29	3,064.76
1/31/2041	723.78	475.05	-	52.78	725.19	509.04	578.64	3,064.48
1/31/2042	750.26	442.48	-	49.16	755.96	476.11	590.21	3,064.19
1/31/2043	776.74	408.71	-	45.41	789.21	441.79	602.02	3,063.89
1/31/2044	803.22	373.76	-	41.53	825.05	405.96	614.06	3,063.58
1/31/2045	829.70	337.62	-	37.51	863.58	368.50	626.34	3,063.25
1/31/2046	856.18	300.28	-	33.36	904.91	329.30	638.87	3,062.90
1/31/2047	882.66	261.75	-	29.08	949.18	288.21	651.64	3,062.54
1/31/2048	917.96	222.03	-	24.67	987.69	245.12	664.68	3,062.16
1/31/2049	953.27	180.72	-	20.08	1,029.44	200.28	677.97	3,061.76
1/31/2050	979.75	137.83	-	15.31	1,083.38	153.54	691.53	3,061.35
1/31/2051	1,023.88	93.74	-	10.42	1,123.16	104.36	705.36	3,060.91
1/31/2052	1,059.19	47.66	-	5.30	1,175.48	53.37	719.47	3,060.46
Total	\$ 20,265.84	\$ 16,896.67	\$ (542.11)	\$ 1,817.17	\$ 20,056.73	\$ 17,019.74	\$ 16,435.76	\$ 91,949.80

[a] Interest is calculated at a 4.50% rate, actual rate will be determined at the time Improvement Area #1 Initial Bonds are issued.

[b] Additional Interest is calculated at a 0.50% rate.

[c] Interest is calculated pursuant to the Bond Buyer's 20 Bond Index rate of 2.54% as of February 22, 2022 plus 2.0%, resulting in a total interest rate of 4.54% for the Reimbursement Obligation.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Adopt Resolution Number 2022-11, an Resolution Approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Number 11, Improvement Area #1)

Background:

Per Chapter 372 of the Local Government Code, Resolution Number 2022-11 approves the distribution of the Preliminary Limited Offering Memorandum for Wood Leaf Reserve Public Improvement District Number 11.

The Preliminary Limited Offering Memorandum (PLOM) reflects the operative provisions of the Bond Issuance Guidelines applicable to the Bonds and as described in the approved Planned Development. The PLOM is a marketing document that the underwriters will distribute to potential buyers in order to sell the PID bond. Potential buyers will utilize the document and all information contained to support the sale of the bond. All information contained is reviewed by the Underwriter, Bond Counsel, Developer, and City staff to ensure accurate information is published.

Origination: Community Development Department

Recommendation:

Adopt Resolution Number 2022-11

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project Coordinator

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed Meagan Mageo Approved by _____
Staff Member Date City Manager Date

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED MARCH [8], 2022

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

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See “TAX MATTERS” for a discussion of the opinion of Bond Counsel.

\$2,296,000*

**CITY OF TOMBALL, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Montgomery Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

Dated Date: [March 1], 2022

Interest Accrual Date: Closing Date (defined below)

Due: September 15, as shown on the inside cover

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Improvement Area #1) (the “Bonds”), are being issued by the City of Tomball, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15, commencing September 15, 2022, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on March 21, 2022, a Master Indenture of Trust dated as of March 15, 2022 (the “Master Indenture”), and the First Supplemental Indenture dated March 15, 2022 (the “First Supplemental Indenture”) and together with the Master Indenture, the “Indenture”), entered into by and between the City and the Trustee. The Bonds are the initial series of Improvement Area #1 Bonds (defined herein) issued under the Master Indenture. When issued, the Additional Improvement Area #1 Bonds (defined herein) will be on parity with the Bonds. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of the Improvement Area #1 Projects (defined herein), (2) pay capitalized interest on the Bonds, (3) fund the Bond Reserve Account of the Reserve Fund, (4) fund a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund and (5) pay the Bond Issuance Costs (defined herein). See “PLAN OF FINANCE” and “APPENDIX B – Form of Indenture.” The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of revenue from the Assessments (defined herein) levied against assessable properties in Improvement Area #1 (defined herein) of the District (the “Assessed Property” or “Assessed Properties”) in accordance with a Service and Assessment Plan (defined herein), and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

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

THE IMPROVEMENT AREA #1 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND ACCOUNTS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, for the City by its counsel, Olson & Olson LLP, and for the Developer by Coats Rose, P.C., counsel to the Developer. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about April 20, 2022 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary, subject to change.

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

CUSIP Prefix: _____ (a)

\$2,296,000*

CITY OF TOMBALL, TEXAS,

(a municipal corporation of the State of Texas located in Harris and Montgomery Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ (a)(b)(c)(d)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ (a)(b)(c)(d)

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, 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 CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

(c) The Bonds are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20__, at the redemption price described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

(d) The Term Bonds are also subject to mandatory sinking fund redemption as described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

* Preliminary, subject to change.

**CITY OF TOMBALL, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	Term Expires <u>(May)</u>
Gretchen Fagan	Mayor	2022
John F. Ford	Council Position 1	2023
Mark Stoll	Council Position 2/ Mayor Pro Tem	2024
Chad Degges	Council Position 3	2022
Derek Townsend Sr	Council Position 4	2024
Lori Klein Quinn	Council Position 5	2023

CITY MANAGER

David Esquivel

ASSISTANT CITY MANAGER

Jessica Rogers

DIRECTOR OF FINANCE

Katherine DuBose

CITY SECRETARY

Doris Speer

ADMINISTRATOR

P3Works, LLC

FINANCIAL ADVISOR TO THE CITY

Hilltop Securities Inc.

BOND COUNSEL

Bracewell LLP

UNDERWRITER'S COUNSEL

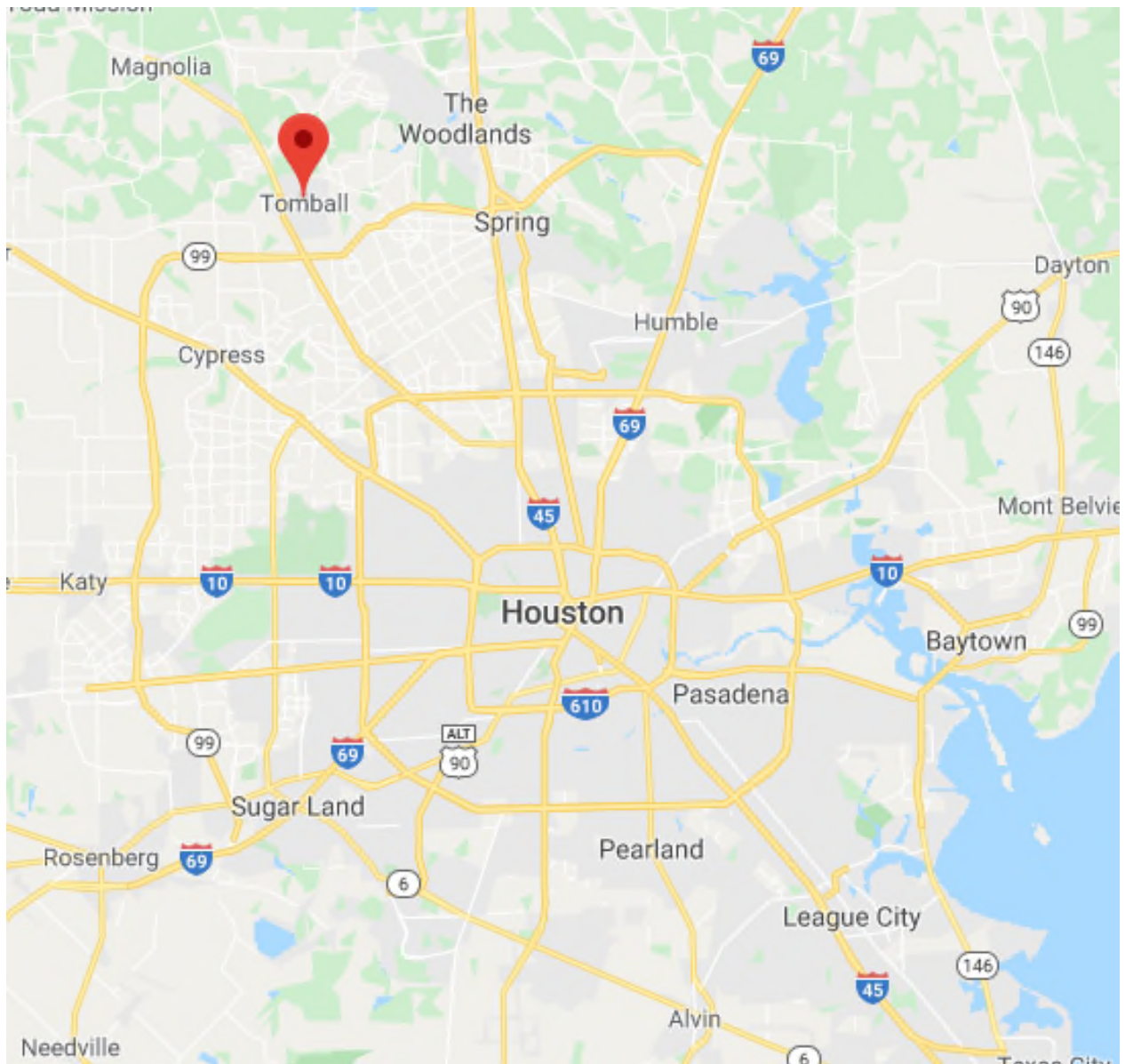
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

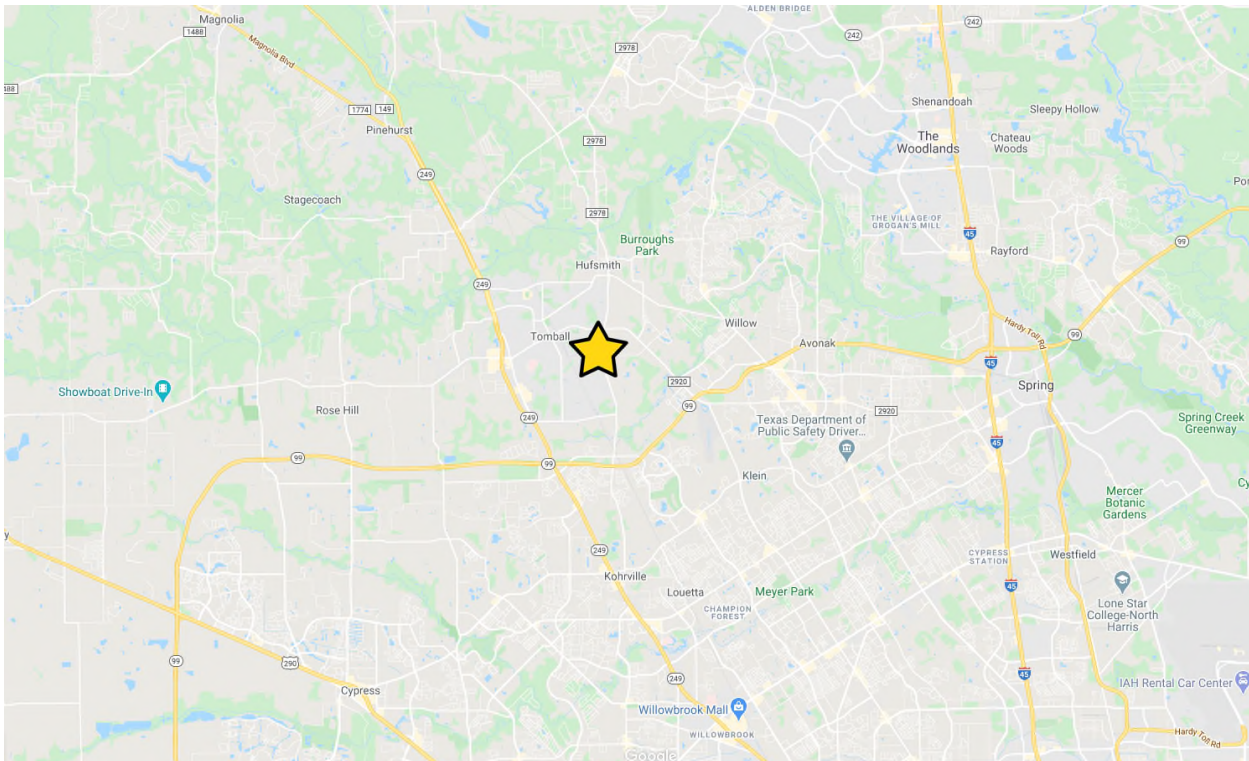
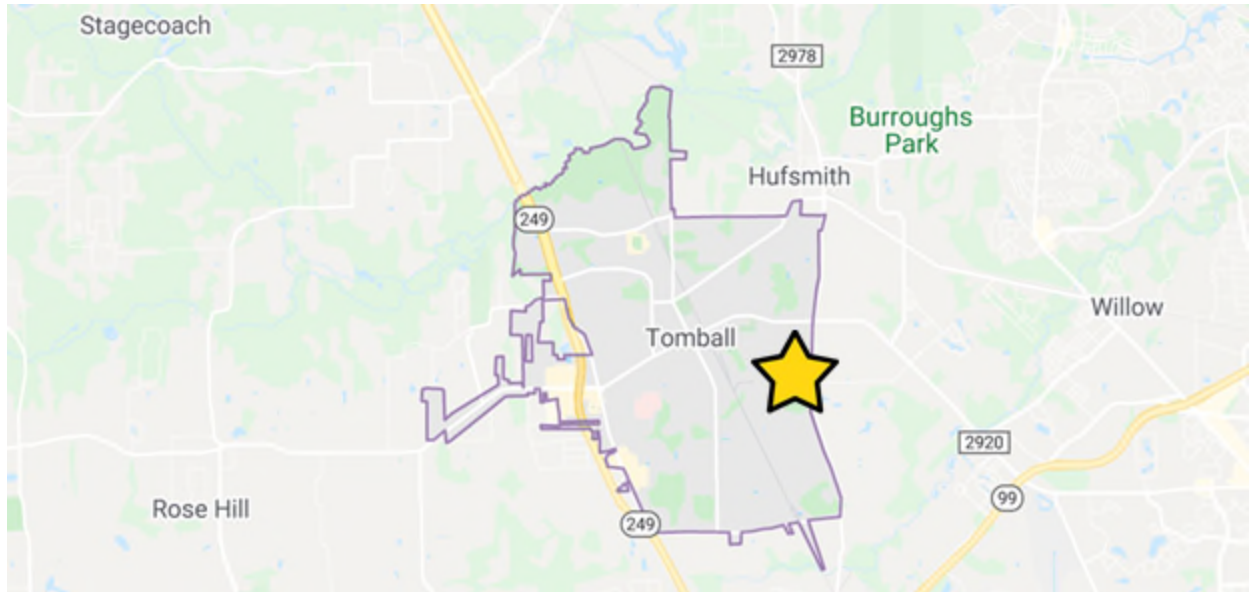
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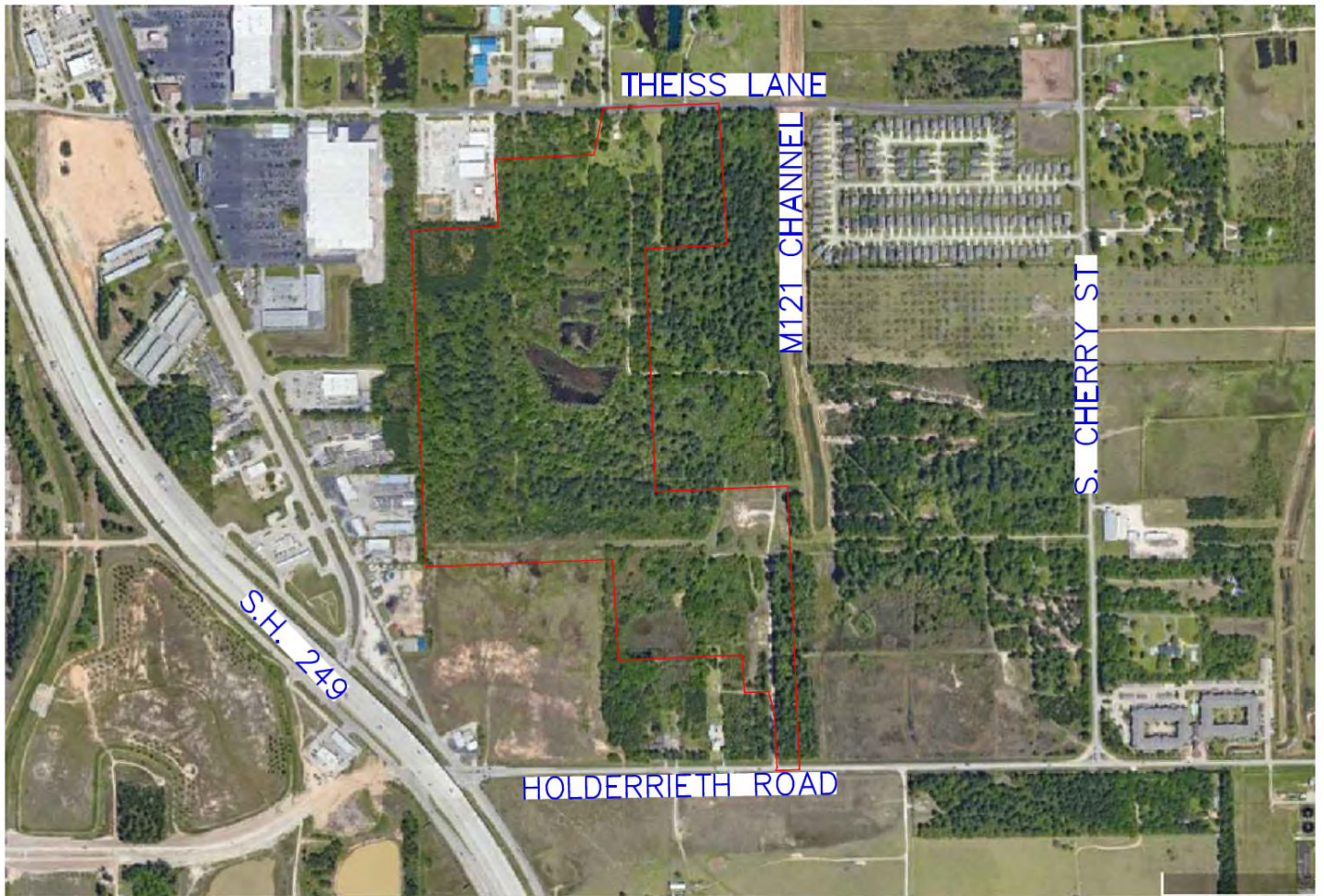
REGIONAL LOCATION MAP OF THE DISTRICT



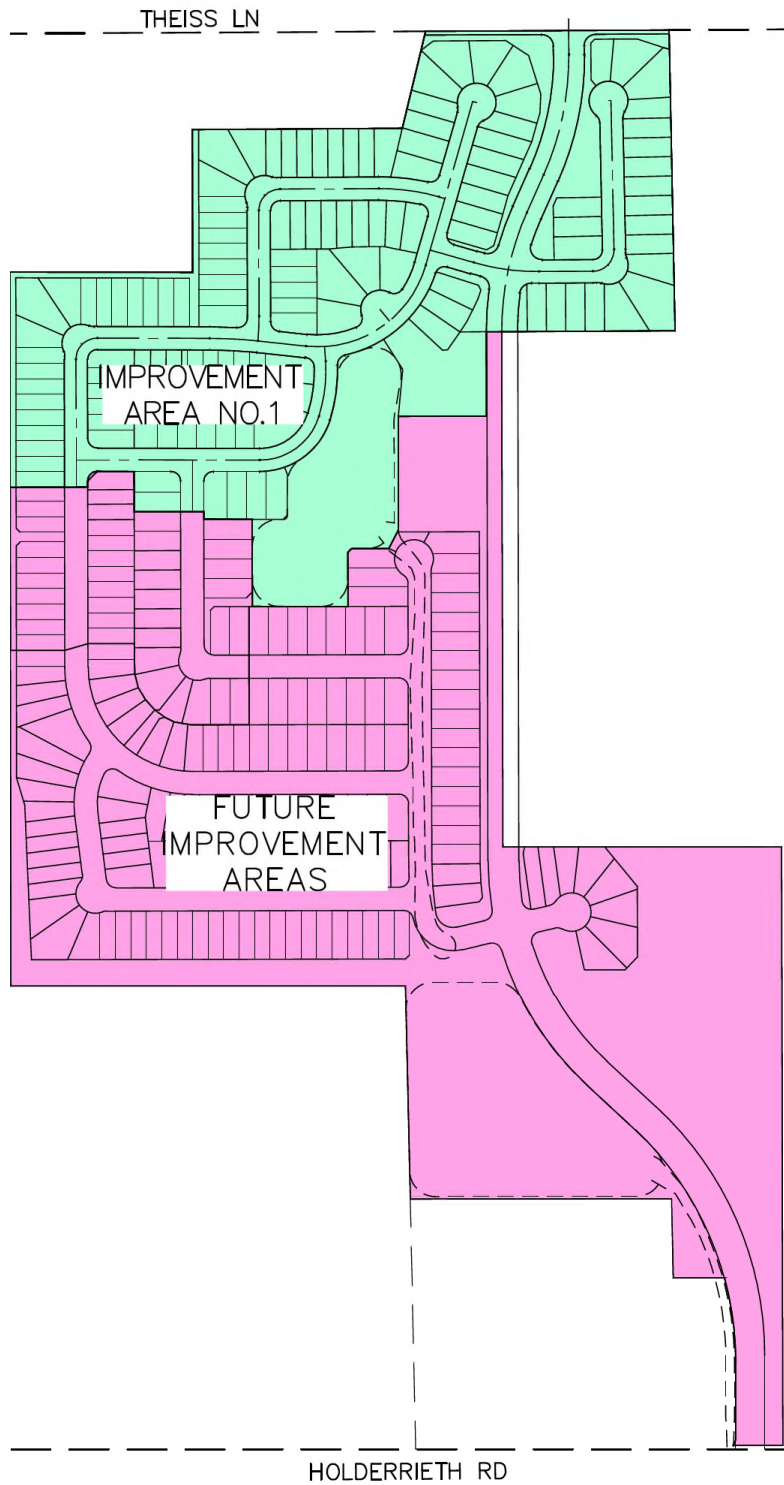
AREA LOCATION MAPS OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



**MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND
THE FUTURE IMPROVEMENT AREAS OF THE DISTRICT**



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USE OF LIMITED OFFERING MEMORANDUM

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

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

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

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

NEITHER THE CITY NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. 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. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE – THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY.

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$2,296,000*

CITY OF TOMBALL, TEXAS,

(a municipal corporation of the State of Texas located in Harris and Montgomery Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Tomball, Texas (the “City”), of its \$2,296,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Improvement Area #1) (the “Bonds”).

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on March 21, 2022 (the “Bond Ordinance”), and a Master Indenture of Trust dated as of March 15, 2022 (the “Master Indenture”), and the First Supplemental Indenture dated March 15, 2022 (the “First Supplemental Indenture” and together with the Master Indenture, the “Indenture”), entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). Payment of the Bonds and any additional bonds issued by the City pursuant to the Master Indenture and on parity therewith (the “Additional Improvement Area #1 Bonds”) are secured by a pledge of and a lien upon the Trust Estate (defined in the Indenture), consisting primarily of revenue from special assessments (“Assessments”) levied pursuant to a separate ordinance expected to be adopted by the City Council on March 21, 2022 (the “Assessment Ordinance”) against assessable property (the “Assessed Property” or “Assessed Properties”) located within Improvement Area #1 (defined below) of the Wood Leaf Reserve Public Improvement District (the “District”), all to the extent and upon the conditions described herein and in the Indenture. The Bonds and any Additional Improvement Area #1 Bonds are together referred to herein as the “Improvement Area #1 Bonds.” See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “ASSESSMENT PROCEDURES.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. All capitalized terms used in this Limited Offering Memorandum 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 Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (defined herein), the Development Agreement (defined herein), the Reimbursement Agreement (defined herein), Chesmar Homes, LLC, a Texas limited liability company (together with its successors and assigns, the “Developer”), and P3Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the 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 the Service and Assessment Plan appears in APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* Preliminary, subject to change.

PLAN OF FINANCE

Development Plan

In September of 2020, Chesmar Homes, LLC, a Texas limited liability company (the “Developer”), acquired approximately 90.54 acres comprising the District. See “THE DEVELOPER – History and Financing of the District.” When completed, the District is expected to include 299 single-family lots.

The Developer plans to develop the District in at least two, but not more than three, phases. The first phase, which is expected to be complete in March 2022, consists of clearing and grubbing of and construction of water distribution, wastewater collection, stormwater detention and drainage, natural gas distribution and street improvements on approximately 33.441 acres of real property (123 lots) shown as Improvement Area #1 on page v (“Improvement Area #1”), as well as the Improvement Area #1 allocable share of the wastewater collection and stormwater drainage improvements that serve the District but are outside the boundaries of Improvement Area #1 (the “Major Improvements”). The improvements that specifically benefit Improvement Area #1 and the Improvement Area #1 allocable share of the Major Improvements are, together, the “Improvement Area #1 Projects.”

Subsequent development is expected to include one or two additional phases, depending on the pace of sales in Improvement Area #1 (see “– Status of Builder Contracts” and “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Bonds”), and will include public improvements authorized by the PID Act, similar to the Improvement Area #1 Projects, and necessary to serve future phases shown as Future Improvement Areas on page v (the “Future Improvement Areas”), including those improvements described in the Service and Assessment Plan (collectively, the “Authorized Improvements”). See “THE DEVELOPMENT – Overview.” The Developer expects to begin design of the next phase of development of the District mid-2022, with construction to begin upon completion and approval of the design.

The boundaries of the District, Improvement Area #1 and the Future Improvement Area are shown in “MAP SHOWING BOUNDARIES OF THE DISTRICT” and “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND THE FUTURE IMPROVEMENT AREAS OF THE DISTRICT” on pages iv and v, respectively.

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of the Improvement Area #1 Projects, (2) pay capitalized interest on the Bonds, (3) fund the Bond Reserve Account of the Reserve Fund, (4) fund a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund and (5) pay the Bond Issuance Costs. See “THE IMPROVEMENT AREA #1 PROJECTS” and “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.” “Bond Issuance Costs” means the costs and expenses of issuing the Bonds, including, but not limited to, issuer fees, 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 the Bonds.

In addition, effective March 1, 2021, the City entered into a reimbursement agreement with the Developer (the “Reimbursement Agreement”) to finance a portion of the costs of the Improvement Area #1 Projects in an amount not to exceed \$2,272,310 (the “Improvement Area #1 Reimbursement Obligation”) not paid with proceeds of the Bonds. The remaining cost of the Improvement Area #1 Projects is forecasted to be approximately \$1,413,956* and will be funded by [a cash contribution/draw on line of credit] by the Developer. The Bonds and the Improvement Area #1 Reimbursement Obligation will be secured by the Assessments; however, the payment of debt service on the Bonds will be superior in right to payment of the Improvement Area #1 Reimbursement Obligation.

The City, upon the satisfaction of certain financial covenants, may issue Additional Improvement Area #1 Bonds pursuant to the Master Indenture and a supplemental indenture to finance the Improvement Area #1 Reimbursement Obligation (the “Additional Improvement Area #1 Bonds”), as such obligation may be reduced by annual payments of Assessment revenues to the Developer for the reimbursement of Improvement Area #1 Improvement costs. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Conditions Precedent to Issuance of Improvement Area #1 Bonds.” When issued, the Additional Improvement Area #1 Bonds will be on parity with the Bonds and any bonds issued to refund the Bonds or Additional Improvement Area #1 Bonds (the “Refunding

* Preliminary, subject to change.

Bonds”). Pursuant to the Service and Assessment Plan, the Reimbursement Agreement, and the Development Agreement, the Developer will be responsible for any costs of the Improvement Area #1 Projects in excess of the amounts funded by the Bonds, any Additional Improvement Area #1 Bonds (if issued), and the Reimbursement Agreement. See “THE IMPROVEMENT AREA #1 PROJECTS – The Development Agreement” and “– The Reimbursement Agreement,” “APPENDIX G – Development Agreement” and “APPENDIX H – Reimbursement Agreement.”

The City expects to issue one or more series of bonds (each such series of bonds are “Future Improvement Area Bonds”) to finance the Actual Costs of Authorized Improvements to be developed to serve each Future Improvement Area. The estimated costs of such improvements benefiting Future Improvement Areas of the District will be determined as Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the Authorized Improvements to be constructed within Future Improvement Areas of the District to be financed by each series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District that benefit from the Authorized Improvements. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Bonds.”

Status of Builder Contracts

The Developer expects to build homes on 62 of the 123 Lots in Improvement Area #1. On March [1], 2022, the Developer signed a contract to sell the remaining 61 Lots in Improvement Area #1 to Shea Homes Houston, LLC, a Texas limited liability company (the “Homebuilder”). The Developer expects that, after a thirty-day feasibility period, the Homebuilder will, within twenty (20) days of substantial completion of the Improvement Area #1 Projects, initially purchase nine (9) 40’ lots and seven (7) 50’ lots, including two (2) 50’ model lots (the “Initial Closing”). Thereafter, the Homebuilder is expected to purchase eight (8) 40’ lots and seven (7) 50’ lots every three (3) months from the date of the Initial Closing until all 61 Lots have been purchased. The Developer received an earnest money deposit of \$340,000 from the Homebuilder. See “THE DEVELOPMENT” for more information concerning the status of Lot sales and the status of development in the District.

The Bonds

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of the Improvement Area #1 Projects, (2) pay capitalized interest on the Bonds, (3) fund the Bond Reserve Account of the Reserve Fund, (4) fund a portion of the Delinquency and Prepayment Reserve Account and (5) pay the Bond Issuance Costs. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 PROJECTS,” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Assessments to be levied against the Assessed Properties, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “ASSESSMENT PROCEDURES.” **The Bonds shall never constitute an indebtedness or general obligation of the City, the State or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

The Improvement Area #1 Bonds and any Future Improvement Area Bonds, if issued by the City, will constitute separate and distinct issues of securities and will be secured by separate assessments. The Bonds are separate and distinct issues of securities from any Additional Improvement Area #1 Bonds or Refunding Bonds issued by the City in the future, but the Additional Improvement Area #1 Bonds and the Refunding Bonds, if any, issued under the Master Indenture and a Supplemental Indenture (as defined in the Master Indenture) will be equally and ratably secured by the Trust Estate. No Additional Improvement Area #1 Bonds or Refunding Bonds are offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

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

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information, and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

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

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Improvement Area #1 Bonds.

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

DESCRIPTION OF THE BONDS

General Description

Capitalized terms not otherwise defined in this caption have the meanings assigned to them in the Indenture. The 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 Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing September 15, 2022 (each, an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association, is the initial Trustee and Paying Agent/Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the option to redeem Bonds, in whole or any part, before their respective scheduled maturity dates, on September 15, 20____, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund required or permitted pursuant to the terms of the Master Indenture, including from transfers of Foreclosure Proceeds. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the Master Indenture unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Mandatory Sinking Fund Redemption. The Bonds (referred to as “Term Bonds” below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ Term Bonds maturing September 15, 20 *

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__†	

\$ Term Bonds maturing September 15, 20 *

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__†	

† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by the Indenture, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as required by the Indenture.

The principal amount of the Term Bonds required to be redeemed on any redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary redemption provisions and not previously credited to a mandatory sinking fund redemption.

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

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is

* Preliminary, subject to change.

rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and for which such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Additional Provisions with Respect to Redemption. If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Bonds may be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding 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 \$1,000, may be issued.

If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City; provided, however, that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to the Indenture, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The information in this section concerning DTC and DTC's book-entry-only 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 takes any responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and

pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payable 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, 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 redemption proceeds 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 Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City, the Trustee, or the Paying Agent/Registrar. Under such circumstances, in the event that a successor 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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, bond counsel or the Underwriter take any responsibility for the accuracy thereof.

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT/REGISTRAR, 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 DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

Use of Certain Terms in Other Sections of this Limited Offering Memorandum. In reading this Limited Offering Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

SECURITY FOR THE IMPROVEMENT AREA #1 BONDS

General

THE IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "APPENDIX B – FORM OF INDENTURE."

The principal of, premium, if any, and interest on the Improvement Area #1 Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below) and other assets of the Trust Estate, consisting primarily of revenues from the Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #1 contains approximately 33.4418 acres within the District. Other than Non-Benefited Property (as defined in the Service and Assessment Plan), all of the property within Improvement Area #1 will be assessed. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as updated, amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, including Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the assessments (including Assessments), and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Improvement Area #1 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 (defined below) of Assessments due in a given year. The determination by the City of the special assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Improvement Area #1 Projects by levying Assessments upon properties in Improvement Area #1 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments anticipated to be levied in each phase of the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.” The City will covenant in the Indenture that it will take and pursue all actions permissible under 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 (collectively, “Applicable Laws”) to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund,” “APPENDIX B – Form of Indenture” and “APPENDIX C – Form of Service and Assessment Plan.”

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

“Additional Parity Obligations” means the additional parity bonds secured by the Assessments authorized to be issued in accordance with the terms and conditions prescribed in Section 11.2 of the Indenture, including, for each series of such parity bonds, the requirement of a value to lien ratio of the Assessments to the value of the Assessed Property equal to at least 3:1, as determined by the City.

“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, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of bonds, the administration of the Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with the issuance of bonds, including their respective legal counsel; and (9) administering the construction of the Improvement Area #1 Projects. 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, collectively, with respect to each Assessed Property, each annual payment of (i) the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit G to the Service and Assessment Plan and related to the Improvement Area #1 Bonds and the Improvement Area #1 Projects, including (i) principal; (ii) interest (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in the Indenture.

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Improvement Area #1 Bonds.

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

Collection and Deposit of Assessments

The Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of, premium, if any, and interest on the Bonds and, on a subordinate basis, the Improvement Area #1 Reimbursement Obligation as set forth in the Reimbursement Agreement and the Service and Assessment Plan, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Pledged Revenue Fund” and “APPENDIX B – Form of Indenture.”

The Assessments, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds and the Improvement Area #1 Reimbursement Obligation. An Annual Installment of Assessments has been made payable in the Assessment Ordinance in each Fiscal Year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay the portion of the debt service requirements attributable to Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

Any sums collected for the payment of Annual Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City will impose Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Improvement Area #1 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 are effective from the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Assessment may be paid in full or in part at any time or in periodic Annual Installments over a period of time equal to the term of the Improvement Area #1 Bonds, which installments shall include interest on the Improvement Area #1 Special Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within Improvement Area #1 and allocated to the Bonds, begins to accrue on the date specified in the Service and Assessment Plan and, bears interest at the rate of interest on the Bonds plus the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act (the “Additional Interest Rate”). Interest on the Assessments allocated to the Improvement Area #1 Reimbursement Obligation pursuant to the Reimbursement Agreement begins to accrue on the date specified in the Service and Assessment Plan and interest on such portion of the Assessments shall bear interest at the rates set forth in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of Assessments, will be determined by September 30 of each year and billed on or around October

15 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.003(b)(14) of the PID Act, the City will levy, assess 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 Improvement Area #1 of the District (the “Annual Collection Costs”). The portion of each Annual Installment of an Assessment used to pay the Annual Collection Costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the levy after an annual review in any year pursuant to Section 372.015(d) of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance and shall be billed on or about October 15 of each year and shall be delinquent if not paid by February 1 of the following year. Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.

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

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the property within Improvement Area #1, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES.” 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. See “BONDHOLDERS’ RISKS – Assessment Limitations.” There are currently no properties within Improvement Area #1 that have claimed a homestead exemption.

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.

Perfected Security Interest

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, and execution and delivery of the Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective and perfected. If 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 the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur. See “APPENDIX B – Form of Indenture.”

Pledged Revenue Fund

On or before February 1 of each year while the Improvement Area #1 Bonds are Outstanding, provided that Pledged Revenues have been received by the City, or if not, then as soon available, beginning February 1, 2023, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund and the Delinquency and Prepayment Account, respectively) into the Pledged Revenue Fund, which deposit shall be directed by the City to the Trustee pursuant to a

City Certificate. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (i) *first*, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #1 Bonds coming due in the current Bond Year;
- (ii) *second*, unless otherwise directed by a Supplemental Indenture, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement;
- (iii) *third*, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement;
- (iv) *fourth*, to the Improvement Area #1 Reimbursement Fund in amounts set forth in the Service and Assessment Plan and for the annual reimbursement of Improvement Area #1 Projects pursuant to the Reimbursement Agreement; and
- (v) *fifth*, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iv) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Improvement Area #1 Bonds as provided in the Indenture. The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited as Additional Interest, Prepayments or Foreclosure Proceeds.

From time to time as needed to pay the obligations relating to the Improvement Area #1 Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account to be deposited, 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 Improvement Area #1 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 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 Improvement Area #1 Bonds.

Notwithstanding the above described flow of funds, the Trustee shall deposit (a) Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account (up to the Delinquency and Prepayment Reserve Requirement); (b) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (c) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to restore any transfers from the Bond Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Bond Reserve Account Requirement); second, to restore any transfers from the Delinquency and Prepayment Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Delinquency and Prepayment Reserve Requirement); and third, to the Redemption Fund.

Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to

Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #1 Bonds, and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the payment of any amount owed pursuant to the Reimbursement Agreement, as set forth in a Supplemental Indenture.

Bond Fund

No later than 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 Improvement Area #1 Bonds.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds. Not later than five (5) Business Days before each date identified above, the Trustee shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture. Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Improvement Area #1 Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Pursuant to the Indenture, a Project Fund will be created to be used to pay the costs of the Improvement Area #1 Projects.

Money on deposit in the Improvement Account, Developer Improvement Account and Cost of Issuance Account of the Project Fund shall be used for the purpose of paying a portion of the Actual Costs of the Improvement Area #1 Projects pursuant to a Certificate of Payment submitted by the Developer.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Improvement Area #1 Bonds pursuant to one or more City Certificates or pursuant to a closing memo prepared by the City's financial advisor at closing of each series of Improvement Area #1 Bonds. Moneys disbursed to the Developer at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request. Any funds in the Costs of Issuance Account not needed to pay costs of issuance shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Projects or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #1 Bonds, as directed by the City.

Except as otherwise provided in the Indenture, money on deposit in the Developer Improvement Account and the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Projects. Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment for the costs set forth therein, from the following accounts in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in the Indenture, money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in the

Indenture, money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Account shall be transferred to the Redemption Fund to redeem Improvement Area #1 Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Improvement Account shall be closed.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to the Indenture.

Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all costs thereof have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account; and (ii) shall close the Developer Improvement Account.

Any amounts in the Developer Improvement Account to be transferred and released shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City.

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

Redemption Fund

Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to optional redemption, extraordinary option redemption and mandatory sinking fund redemption as provided in the Supplemental Indenture.

The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee an amount sufficient to redeem Improvement Area #1 Bonds pursuant to the extraordinary optional redemption as set forth in the Supplemental Indenture. If after such transfer there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Improvement Area #1 Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of the Indenture, cause to be deposited to the

Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to the Indenture, an amount sufficient to redeem Improvement Area #1 Bonds pursuant to optional redemption, extraordinary optional redemption or mandatory sinking fund redemption at the direction of the City.

Bond Reserve Account

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and will be held by the Trustee and funded with proceeds of the Improvement Area #1 Bonds in the amount of the Bond Reserve Account Requirement. As of the Closing Date, the Bond Reserve Account Requirement is equal to \$_____.

The City agrees with the Owners of the Improvement Area #1 Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. As noted below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Improvement Area #1 Bonds is due.

Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn. Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to the Principal and Interest Account, the Redemption Fund, or the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds).

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds. If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds. If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #1 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #1 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #1 Bonds as of such Interest Payment Date.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account 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 Improvement Area #1 Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Bond Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Bond Reserve Account prior to redemption, and (ii) the Bond Reserve Account Requirement after such redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of

accrued interest on the Improvement Area #1 Bonds, 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 Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

Delinquency and Prepayment Reserve Account

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created and held by the Trustee for the benefit of the Bonds. In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Improvement Area #1 Bonds. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #1 Bonds.

Administrative Fund

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. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to the Indenture.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND IS NOT SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.

The Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within ten (10) Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Improvement Area #1 Reimbursement Fund

Money on deposit in the Improvement Area #1 Reimbursement Fund shall be used to reimburse the Developer for Actual Costs of the Improvement Area #1 Projects pursuant to the Reimbursement Agreement and the Service and Assessment Plan. The payment of Assessments to reimburse the Developer for Actual Costs of the Improvement Area #1 Projects is subordinate to the payment of debt service on the Improvement Area #1 Bonds.

Defeasance

All Outstanding Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #1 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #1 Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #1 Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Improvement Area #1 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 Improvement Area #1 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners 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 Assessments, including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Improvement Area #1 Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (iv) default in the performance or observance of any 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 at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds at the time Outstanding requesting that the failure be remedied.

An event described above will not be viewed as an Event of Default if it is in violation of any applicable state law or court order.

The City shall not be required to advance anything other than the Pledged Revenues that have been made available to the City or other assets that are part of the Trust Estate in order to avoid the Events of Default listed above.

Immediate Remedies for Default

Subject to the terms and provisions of the Indenture, upon the happening and continuance of any of the Events of Default described in the Indenture, the Trustee may, and at the written direction of Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #1 Bonds then Outstanding, may 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 Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

THE PRINCIPAL OF THE IMPROVEMENT AREA #1 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 Improvement Area #1 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #1 Bonds due in an Event of Default, 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 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 Applicable Laws and apply the proceeds thereof in accordance with the provisions of this paragraph. 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 proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy 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 at least 25% of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as required by the Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Improvement Area #1 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Improvement Area #1 Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall 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 under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Improvement Area #1 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 Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions 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), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Improvement Area #1 Bonds, as follows:

- (i) *First:* To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

(ii) *Second:* To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Improvement Area #1 Bonds, or Redemption Price of any Improvement Area #1 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 Improvement Area #1 Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered 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 the Indenture.

In the event funds are not adequate to cure any of the Events of Default, the available funds shall be allocated to the Improvement Area #1 Bonds that are Outstanding in proportion to the quantity of Improvement Area #1 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 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) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 of 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, Chapter 2256, Texas Government Code, 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 set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30 and on each Interest Payment Date (for the purpose of determining excess funds pursuant to the Indenture. 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 to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund 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.

The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if approved by the City in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to the Indenture. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the City's written instructions of the directed investments.

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 the Indenture.

The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement will be provided if no activity occurred during such month, so long as the Trustee is providing online access. The Trustee may conclusively rely on City Certificates that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Against Encumbrances

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 and the Pledged Funds and Accounts, or upon any other property pledged under the Indenture, except the pledge created for the security of the Improvement Area #1 Bonds (which includes Additional Parity Obligations), and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds (which includes Additional Parity Obligations) and bonds issued to refund all or a portion of the Improvement Area #1 Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

Conditions Precedent to Issuance of Improvement Area #1 Bonds

Each series of Improvement Area #1 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

- (i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #1 Bonds as required by the Master Indenture; and
- (ii) Certificate of the City stating that (i) all conditions precedent to the issuance of the Improvement Area #1 Bonds specified in the Master Indenture and in any Supplemental Indenture have been satisfied, and (ii) the City is not in default in any covenant, representation, warranty or provisions of the Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #1 Bonds.

The City reserves the right, subject to the provisions of the Indenture, to issue Additional Parity Obligations pursuant to a Supplemental Indenture. No Improvement Area #1 Bonds (including Additional Parity Obligations) shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Assessments to the value of the Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

Additional Obligations; Other Obligations or Other Liens

The City reserves the right, subject to the provisions of the Indenture, to issue Additional Parity Obligations pursuant to a Supplemental Indenture. The City also reserves the right to issue Additional Obligations ("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 Pledged Revenues.

So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Additional Improvement Area #1 Bonds (which includes Additional Parity Obligations) issued pursuant to a Supplemental Indenture, secured by any pledge of or other lien or charge on the Trust Estate pledged under the Master Indenture, other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #1 Bonds.

Other than bonds issued to refund all or a portion of the Improvement Area #1 Bonds or Additional Parity Obligations, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority thereof might or could be lost or impaired; 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 the Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the Annual Debt Service due and owing on the Improvement Area #1 Bonds.

No Improvement Area #1 Bonds (including Additional Parity Obligations) shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Assessments to the value of the Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

SOURCES AND USES OF FUNDS*

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and additional funds of the Developer:

Sources of Funds:	
Principal Amount	\$
Developer Contribution	
TOTAL SOURCES	\$
Use of Funds:	
Deposit to Improvement Area #1 Improvement Account of the Project Fund	\$
Deposit to Developer Improvement Account of the Project Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Cost of Issuance	
TOTAL USES	\$

⁽¹⁾ Includes the fee of Underwriter's Counsel.

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* To be completed upon pricing.

DEBT SERVICE REQUIREMENTS*

The following table sets forth the debt service requirements for the Bonds:

Year Ending (September 30)	Principal	Interest	Total
2022	\$	\$	\$
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			

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* To be completed upon pricing.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities. Such taxes are payable in addition to the Assessments. In addition, the Developer anticipates that each Lot owner in Improvement Area #1 of the District will pay a maintenance and operation fee and/or a property owner's association fee to a homeowner's association of approximately \$700 per year.

The City, Harris County, Harris County of Department of Education, Harris County Flood Control District, Harris County Hospital District, Harris County Emergency Services District #8, Lone Star College System, Port of Houston Authority, and Tomball Independent School District ("Tomball ISD") may each levy ad valorem taxes upon land in Improvement Area #1 of the District 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 assessments levied by any other taxing authorities.

The following table reflects the overlapping ad valorem tax rates levied on property located in Improvement Area #1. Improvement Area #1 will be located entirely within the corporate limits of the City and within Harris County, Harris County of Department of Education, Harris County Flood Control District, Harris County Hospital District, Harris County Emergency Services District #8, Lone Star College System, Port of Houston Authority, and Tomball ISD.

Taxing Entity	Tax Year 2021 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.333339
Harris County	0.376930
Harris County Department of Education	0.004990
Harris County Flood Control District	0.033490
Harris County Hospital District	0.162210
Lone Star College System	0.107800
Port of Houston Authority	0.008720
Tomball ISD	1.290000
Harris County Emergency Service District #8	0.094245
Total Current Tax Rate	\$2.411724
Estimated Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	\$0.899998 ⁽²⁾
Estimated Total Tax Rate and Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	\$3.311722⁽²⁾

⁽¹⁾ As reported by the taxing entities. Per \$100 in assessed value.

⁽²⁾ Preliminary, subject to change. Assumes completion of homes at values estimated by the Developer. For estimated average annual assessment in Improvement Area #1 as a tax rate equivalent without assuming completion of homes, see "Expected Improvement Area # 1 Assessment Reallocation in Improvement Area #1" below. Includes the assessment for the Bonds and the Improvement Area #1 Reimbursement Obligation. Pursuant to the Development Agreement, the maximum projected annual assessment for each phase shall be no greater than \$0.90 per \$100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each phase or future improvement area and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the Lots).

As noted above, Improvement Area #1 of 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 Improvement Area #1 of the District, and City debt to be secured by the Assessments:

Taxing or Assessing Entity	Gross Outstanding Debt as of March 8, 2022	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ⁽¹⁾
The City (the Bonds)	\$2,296,000 ⁽²⁾	100.0000%	\$2,296,000 ⁽²⁾
The City (IA#1 Reimbursement Obligation)	2,272,310 ⁽²⁾	100.0000	2,272,310 ⁽²⁾
The City (General Obligation)	28,790,000	1.6739	481,924
Harris County	1,335,237,125	0.0074	98,750
Harris County Department of Education	20,185,000	0.0074	1,493
Harris County Flood Control District	347,755,000	0.0074	25,719
Harris County Hospital District	76,385,000	0.0074	5,649
Lone Star College District	643,940,000	0.0162	104,053
Port of Houston Authority	469,434,397	0.0074	34,718
Tomball ISD	685,985,000	0.2884	1,978,167
	<u>\$3,612,279,832</u>		<u>\$7,298,773</u>

⁽¹⁾ Based on the Appraisal for Improvement Area #1 and on certified valuations for Tax Year 2021 for the taxing entities. The Appraisal assumes the completion of the Improvement Area #1 Projects.

⁽²⁾ Preliminary, subject to change.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. None of the property in Improvement Area #1 is currently subject to an 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. See "BONDHOLDERS' RISKS – Agricultural Use Valuation and Redemption Rights."

If land qualified for an agricultural valuation but 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 landowner 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. The land within Improvement Area #1 is no longer subject to an agricultural valuation, and the Developer will pay roll-back taxes due when they are assessed.

ASSESSMENT PROCEDURES

General

Capitalized terms under this caption and not otherwise defined in the Limited Offering Memorandum shall have the meaning given to such terms 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 Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll") that shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each Lot or Parcel of land and the number of Annual Installments into which the Assessment is divided. The Assessment Roll was 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 Improvement Area #1 Projects and funding the same with Assessments. The City Council intends to consider a levy in the Assessments and adoption of the Assessment Ordinance on March 22, 2022. After adoption of the Assessment Ordinance, the Assessments will become legal, valid and binding liens upon the property against which the Assessments were made.

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

Method of Apportionment of Assessments. As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of the Improvement Area #1 Projects entirely to the Assessed Property by spreading the entire Assessment across all Assessed Property based on the ratio of the estimated build out value of each Parcel within Improvement Area #1 to the estimated build out value for all Parcels within Improvement Area #1.

Method of Allocation of Assessments. As set forth in the Service and Assessment Plan, the City Council will initially allocate the Assessments to all Assessed Property by Lot Type. Lots within Improvement Area #1 are either Lot Type 1 Lots or Lot Type 2 Lots. Assessments are allocated between Lot Type 1 Lots and Lot Type 2 Lots based on the ratio of the total estimated build out value of all such Lot Types to the estimated build out value for all Lots within Improvement Area #1. The Assessments allocated to a Lot Type are then spread evenly across all Lots of such Lot Type within Improvement Area #1. All Lots of each Lot Type are equally benefitted by the Improvement Area #1 Projects. See Exhibit F, Assessment Roll, to “APPENDIX C – Form of Service and Assessment Plan.”

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Expected Improvement Area # 1 Value to Lien Ratios

Lot Type	Lot Size	Number of Lots ⁽¹⁾	Base Lot Price ⁽²⁾	Estimated Home Buildout Value ⁽³⁾	Estimated Improvement Area #1 Maximum Assessment per Lot ⁽⁴⁾	Estimated Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value of Home Price to Assessment
Lot Type 1	40' x 120'	66	\$50,000	\$290,000	\$34,392.78	1.45 : 1	8.43 : 1
Lot Type 2	50' x 120'	57	62,500	340,000	40,322.57	1.55 : 1	8.43 : 1
Total/Avg		123	\$56,250	\$315,000	\$37,357.68	1.50 : 1	8.43 : 1

⁽¹⁾ Based on the concept plan for the District. Derived from information in the Service and Assessment Plan.

⁽²⁾ Based on sales prices in the Developer's purchase and sale agreements with Homebuilder.

⁽³⁾ Provided by the Developer based on comparable home prices in the area.

⁽⁴⁾ Preliminary, subject to change. The Service and Assessment Plan provides for a "Maximum Assessment" by Lot Type, which may not be exceeded. See "APPENDIX C – Form of Service and Assessment Plan."

Method of 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 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 the above formula shall be reflected in an update to the 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, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type

D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Assessments for all newly subdivided Parcels 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 the above formula shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

If two or more Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on Exhibit H to the Service and Assessment Plan for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to Section VI.B of the Service and Assessment Plan.

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.

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 City the full amount of the Assessment, plus Prepayment Costs and any Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefitted Property, the owner causing the change in status shall pay to the City the full amount of the Assessment, plus Prepayment Costs and any Delinquent Collection Costs, prior to the change in status.

Reduction of Assessments. If, as a result of cost savings or an Improvement Area #1 Project not being constructed, the Actual Costs of completed Improvement Area #1 Projects are less than the Assessments, (i) in the event PID Bonds (as defined in the Service and Assessment Plan) are not issued, the Assessments shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs, or (ii) in the event that PID Bonds have been issued, the City shall direct the Trustee to apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used to pay costs of Improvement Area #1 Projects to redeem outstanding PID Bonds, in accordance with the applicable Indenture. Any such reduction in the costs of the Improvement Area #1 Projects shall also reduce the Reimbursement Obligation under the related Reimbursement Agreement.

The City Council may reduce the Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Improvement Area #1 Projects provided for each property; (2) by an equal percentage per Lot; or (3) in any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Assessed Property, such that the sum of the resulting reduced Assessments equals the amount

required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, the Annual Collection Costs portion of the Assessment, and any Reimbursement Obligation, as reduced pursuant to the Service and Assessment Plan.

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.

The following table provides the initial allocation of Assessments to Improvement Area #1 Parcels by Lot Type.

Estimated Allocation of Assessments

Lot Type	Lot Size	Number of Lots ⁽¹⁾	Estimated Buildout Value Per Lot ⁽²⁾	Estimated Maximum Assessment Per Lot ⁽³⁾	Total Assessment	Estimated Average Annual Installment per Lot ⁽⁴⁾	Equivalent Tax Rate per \$100 Assessed Value ⁽³⁾
Lot Type 1	40' x 120'	66	\$290,000	\$34,392.78	\$2,269,923.50	\$2,609.99	\$0.899998
Lot Type 2	50' x 120'	57	340,000	40,322.57	2,298,386.50	3,059.99	0.899998
Total ⁽⁵⁾		123			\$4,568,310.00		\$0.899998

⁽¹⁾ Based on the concept plan for the District. Derived from information in the Service and Assessment Plan.

⁽²⁾ Derived from information in the Service and Assessment Plan.

⁽³⁾ Preliminary, subject to change. Pursuant to the Service and Assessment Plan, the Improvement Area #1 Maximum Assessment that can be levied on a Lot within Improvement Area #1 is the amount calculated pursuant to the assessment methodology described in Section V.A of, and shown in Exhibit G to, the Service and Assessment Plan. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁴⁾ Derived from information in the Service and Assessment Plan. Based on Annual Installments due from 2023 to 2051 due to capitalized interest for coverage of Annual Installment due January 31, 2023, and the release of the accounts within the Reserve Fund reducing the Annual Installment due January 31, 2052.

⁽⁵⁾ Total Assessments may not add due to rounding.

Collection and Enforcement of Assessment Amounts

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

The City will covenant in the Indenture 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 an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

The City will covenant, agree and warrant in the Indenture 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 April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced, as soon as practicable, any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

The City will generally implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in Exhibit C of the Continuing Disclosure Agreement of the 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 funds on deposit in the Administrative Fund.

Annual Installments will be paid to the City or its agent. Annual Installments are billed in 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:

<u>Date Payment</u>	<u>Cumulative</u>	<u>Cumulative</u>	
<u>Received</u>	<u>Penalty</u>	<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 increases 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 Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each parcel consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest (with respect to the portion of the Assessment allocated to the Improvement Area #1 Bonds). The Annual Installments for Improvement Area #1 may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, any obligations pursuant to a Reimbursement Agreement, the Additional Interest (with respect to the portion of the Assessment allocated to the Improvement Area #1 Bonds) 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. See "– Assessment Methodology – Reduction of Assessments."

The Bonds are secured by a first lien on and pledge of the Trust Estate, including revenue from the Assessments. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “APPENDIX C – Form of Service and Assessment Plan.”

Prepayment of Assessments

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

Mandatory Prepayments. If (i) Assessed Property is transferred to a person or entity that is exempt from the payment of the Assessment under applicable law, or (ii) an owner of Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner of such Assessed Property shall pay to the City the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act (a “Mandatory Prepayment”), in accordance with the Service and Assessment Plan.

Priority of Lien

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

Foreclosure Proceedings

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

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

The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and

distributed in accordance with the Indenture. See “APPENDIX B – Form of Indenture. See also “APPENDIX E-1 – Form of Disclosure Agreement of the Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

THE CITY

Location and Size

The City is located in Harris and Montgomery Counties and is approximately 32 miles northwest of the City of Houston on FM Road 2920. The City covers approximately 12.32 square miles.

Population

The Federal Decennial Census information is provided below. The City estimates its 2021 population to be 12,341.

<u>Federal Decennial Census</u>					
<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
1,713	2,734	3,996	6,370	9,089	10,753

City Government

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City was incorporated in July of 1933 and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintenance of streets and drainage, municipal court, a community center, and parks.

The current members of the City Council and their respective expiration of terms of office, as well as the principal administrators of the City, are noted on page i. See “APPENDIX A – General Information Regarding the City” for more information.

Transportation and Utilities

The City is served by a Burlington Northern system affiliate, with rail spur connections available, and is also served by an Arrow-Trailways bus line. Commercial air service is afforded by the George Bush Intercontinental Airport, William P. Hobby Airport and David Wayne Hooks Memorial Airport, approximately 25 miles, 40 miles and 2 miles from the City, respectively. FM 2920, a four-lane highway, connects the City to Interstate 45 and State Highway 290.

Electricity is supplied by CenterPoint and natural gas by the City. The City supplies potable water from six water wells, five of which are currently in operation, and also provides two wastewater collection and treatment facilities.

Education and Health Care

The City is served by the schools of Tomball Independent School District (“Tomball ISD”). According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. The district operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. According to the Texas Education Agency annual school report cards, Tomball ISD was rated as “A” for 2018-2019. (The categories for public school districts and public schools are A, B, C, D or F).

Higher education facilities in the area include Lone Star College – Tomball which is a 145-acre campus offering Associate of Applied Science and Associate of Arts Degrees. Other colleges and universities within commuting distance include Houston Baptist University, Prairie View A&M University, Rice University, St. Thomas University, Sam Houston State University, Texas A&M University, Texas Southern University, and the University of Houston.

The City is served by the non-profit acute general care hospital, Tomball Regional Hospital. Tomball Regional Hospital includes complete diagnostic facilities, a cardiac care unit, 24-hour emergency room, outpatient surgery center, a birthing center, a sports medicine center, home health care and the Texas Wound and Lymphedema Center. Also included with the hospital is The Heritage Retirement Community, which offers independent assisted living, comprehensive living and an Adult Daybreak Center. The City is also served by the for-profit long-term acute care hospital Kindred Hospital. The facility provides intensive care services, endoscopy suites, in-house radiology with CT, hyperbaric oxygen chambers, and 24-hour in-house physician coverage.

City Regulation of Oil and Gas Wells

In 2008, the City enacted an ordinance prohibiting, without a permit, the drilling or deepening of any well, or the conducting of any seismic activity, within 1,000 feet of any residence, building, or other structure intended for human occupancy without a permit. This applies to wells drilled after September 2, 2008 and does not apply to any fully drilled wells in existence prior to September 2, 2008. Accordingly, there are several producing wells within the City limits; although, none in the District. See also “THE DEVELOPMENT – Existing Mineral and Groundwater Rights.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2021-04 of the City adopted on January 18, 2021 (the “Creation Resolution”) in accordance with the PID Act for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council, that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-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 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 Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 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 improvements within the District, which include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above

authorized by the PID Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. The City has determined to finance a portion of the costs thereof through the issuance of the Bonds, and to provide for the payment of debt service on the Bonds from the Trust Estate. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Developer plans to develop the District in at least two, but not more than three, phases (the “Development”). The first phase, which is expected to be substantially complete in March 2022, consists of clearing and grubbing of and construction of water distribution, wastewater collection, stormwater detention and drainage, natural gas distribution and street improvements on approximately 33.4418 acres of real property (123 lots) shown as Improvement Area #1 on page v (“Improvement Area #1”), as well as the Improvement Area #1 allocable share of the wastewater collection and stormwater drainage improvements in the District but outside the boundaries of Improvement Area #1 (the “Major Improvements”). The improvements within Improvement Area #1 and the Improvement Area #1 allocable share of the Major Improvements are, together, the “Improvement Area #1 Projects.” The Improvement Area #1 Projects will be designed and constructed in accordance with City standards and specifications. See “APPENDIX C – Form of Service and Assessment Plan.”

Subsequent development is expected to include one or two additional phases, depending on the pace of sales in Improvement Area #1 (see “PLAN OF FINANCE – Status of Builder Contracts” and “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Bonds”), and will include public improvements authorized by the PID Act, similar to the Improvement Area #1 Projects, and necessary to serve future phases shown as Future Improvement Areas on page v (the “Future Improvement Areas”), including those improvements described in the Service and Assessment Plan (collectively, the “Authorized Improvements”). See “THE DEVELOPMENT – Overview.” The Developer expects to begin design of the next phase of development of the District mid-2022, with construction to begin upon completion and approval of the design.

The Improvement Area #1 Projects

Improvement Area #1 is expected to contain sixty-six (66) forty-foot (40’) lots and fifty-seven (57) fifty-foot (50’) lots, for a total of 123 proposed Lots. The Developer began construction of the Improvement Area #1 Projects in November 2020 and expects to achieve substantial completion of the Improvement Area #1 Projects in March 2022.

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of the Improvement Area #1 Projects, (2) pay capitalized interest on the Bonds, (3) fund the Bond Reserve Account of the Reserve Fund, (4) fund a portion of the Delinquency and Prepayment Reserve Account and (5) pay the Bond Issuance Costs. All Improvement Area #1 Projects will be designed and constructed in accordance with City standards and will be owned and operated by the City.

The Developer is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Projects. A portion of the costs of the Improvement Area #1 Projects will be funded with the proceeds of the Bonds, and the Developer will be responsible for funding the remainder of the costs of the Improvement Area #1 Projects. From the proceeds of the Bonds, the City will either pay directly or will reimburse the Developer for a portion of the Actual Costs of developing and constructing the Improvement Area #1 Projects. See “– The Development Agreement” below and APPENDIX G – Development Agreement.” In addition, the City has entered into a Reimbursement Agreement with the Developer to reimburse the Developer for a portion of the costs of the Improvement Area #1 Projects not included in the Improvement Area #1 Bonds, in an amount not to exceed \$2,272,310*. See “– The Reimbursement Agreement” below and “APPENDIX H – Reimbursement Agreement.”

*Preliminary, subject to change.

The Appraisal (defined below) estimates that the value of the property within Improvement Area #1 of the District under the conditions described in the Appraisal is \$6,100,000. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.” The cost of the Improvement Area #1 Projects is estimated to be \$5,982,266 (including Bond Issuance Costs). The cost of the Improvement Area #1 Projects is expected to be financed as follows: (i) proceeds of the Bonds in the amount of \$2,296,000*; and (ii) a Developer contribution in the approximate amount of \$3,686,266*. A portion of the Developer contribution in the maximum amount of \$2,272,310 is to be expected to be reimbursed to the Developer from Assessments pursuant to the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS” and “APPENDIX C – Form of Service and Assessment Plan.”

The following table reflects the total expected costs of the Improvement Area #1 Projects. As of February 16, 2022, the Developer has spent approximately \$6.3 million towards the costs of Improvement Area #1 Projects and other improvements and soft costs related to Improvement Area #1 of the District. See “APPENDIX C – Form of Service and Assessment Plan.”

	Total Costs [a]	Improvement Area #1	
		%	Costs
<i>Improvement Area #1 Improvements</i>			
Streets	\$ 1,791,578	100.00%	\$ 1,791,578
Water	336,661	100.00%	336,661
Wastewater	405,763	100.00%	405,763
Drainage	583,655	100.00%	583,655
Natural Gas	259,329	100.00%	259,329
Soft Costs ^[b]	1,097,520	100.00%	1,097,520
	<u>\$ 4,474,506</u>		<u>\$ 4,474,506</u>
<i>Major Improvements</i>			
Wastewater	263,685	41.33%	108,971
Detention, Clearing and Grubbing	1,553,026	41.33%	641,804
Soft Costs ^[b]	690,431	41.33%	285,328
	<u>\$ 2,507,142</u>		<u>\$ 1,036,102</u>
<i>Improvement Area #1 Initial Bond Issuance Costs</i>			
Debt Service Reserve Fund	\$ 149,320	100.00%	\$ 149,320
Capitalized Interest	61,418	100.00%	61,418
Underwriter Discount	75,920	100.00%	75,920
Cost of Issuance	140,000	100.00%	140,000
	<u>\$ 426,658</u>		<u>\$ 426,658</u>
<i>First Year Annual Collection Costs</i>			
First Year Annual Collection Costs	45,000	100.00%	45,000
	<u>\$ 45,000</u>		<u>\$ 45,000</u>
Total	\$ 7,453,306		\$ 5,982,266

(a) Costs were determined by the Engineer’s Opinion of Probable Cost prepared by Elevation Land Solutions dated November 2021.

(b) Soft costs include a total of \$100,000 in District Formation Expenses.

The expected costs of the Improvement Area #1 Projects are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were approved by the City Council as part of the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

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* Preliminary, subject to change.

The Improvement Area #1 Projects consist of the following.

Improvement Area #1 Improvements.

Street Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements include trench excavation and embedment, trench safety, PCV piping, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications will be owned and operated by the City.

Wastewater Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Detention, Clearing and Grubbing Improvements include trench clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds, including spreading and compacting of excavation materials. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Natural Gas Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The natural gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

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

Major Improvements.

Wastewater Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Drainage Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

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

Ownership and Maintenance of Improvements

All Improvement Area #1 Projects will be designed and constructed in accordance with City standards and will be owned and operated by the City. A homeowner's association will maintain the amenity components of the detention areas.

The Development Agreement

The Developer entered into a Wood Leaf Reserve Development Agreement, dated effective January 18, 2021, with the City (the "Development Agreement"), to establish provisions for the apportionment, levying, and collection of assessments on the property within the District, the construction of the Authorized Improvements, reimbursement, acquisition, ownership and maintenance of certain public improvements within the District, including the Improvement Area #1 Projects (collectively, the "Authorized Improvements"), and the issuance of one or more series of bonds secured by District assessments ("PID Bonds") for the financing of the Authorized Improvements benefitting the property within the District.

In the Development Agreement, the Developer has agreed to undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and to undertake the design, development and construction of the Authorized Improvements. The Development Agreement provides that the Development will consist of the following elements: (i) up to 318 single-family homes; (ii) a minimum 1-acre recreational reserve, centrally located within the Development which may include a playground, picnic facilities and other recreational components, and (iii) a minimum 30% of the Development to be open space.

Under the Development Agreement, the issuance of PID Bonds is subject to the discretion of the City Council of the City and the following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

1. The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$18,895,633.
2. The maximum "tax rate" for the projected annual assessment for each phase shall be no greater than \$0.90 per \$100 assessed valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an individual assessed parcel basis based on the estimated build out value of each parcel.
3. Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an appraisal.
4. The Developer or its affiliates shall own all property within a phase of the District prior to the levy of assessments for such phase.
5. The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities required for the Development described above.
6. The Developer shall not be in default under the Development Agreement.
7. A site plan including preliminary engineering is approved by City staff for the Authorized Improvements for the phase for which PID Bonds are being issued.

Under the Development Agreement, at closing on any series of PID Bonds intended to fund construction of Authorized Improvements that have not already been constructed by the Developer, the Developer is required deposit with the trustee under the applicable Indenture an amount equal to the difference between the costs of the Authorized Improvements and the net proceeds of the applicable series of PID Bonds.

The Development Agreement may be amended or modified in writing signed by the parties thereto. Any such amendment could affect the security for the Bonds.

This caption contains a brief summary of the Development Agreement. Potential purchasers of the Bonds should review the complete copy of the Development Agreement attached to this Limited Offering Memorandum. See “APPENDIX G – Development Agreement.”

The Reimbursement Agreement

In addition, the City has entered into a Wood Leaf Reserve Public Improvement District Reimbursement Agreement (the “Reimbursement Agreement”) with the Developer to reimburse the Developer for a portion of the costs of the Improvement Area #1 Projects in an amount to be set forth in the Service and Assessment Plan (currently \$2,272,310) (the “Improvement Area #1 Reimbursement Obligation”) not paid with proceeds of the Bonds. Upon sale of the Bonds, the City and the Developer will enter into an Amended and Restated Reimbursement Agreement that will provide that the Improvement Area #1 Reimbursement Obligation shall not exceed \$2,272,310. The remaining cost of the Improvement Area #1 Projects is forecasted to be approximately \$1,413,956* and will be funded by a Developer contribution. Prior to closing the Developer will make a deposit with the Trustee representing the difference between the costs of the Improvement Area #1 Projects that have not been completed and the amount of bond proceeds in the Improvement Account of the Project Fund, less any amounts the Developer has expended for the construction of the Improvement Area #1 Projects prior to closing as documented to the City. As of February 16, 2022, the Developer has spent approximately \$6.3 million towards the costs of Improvement Area #1 Projects and anticipates spending an additional \$1.15 million prior to closing. The Bonds and the Improvement Area #1 Reimbursement Obligation will be secured by the Assessments; however, the payment of debt service on the Bonds will be superior in right to payment of the Improvement Area #1 Reimbursement Obligation. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.” Pursuant to the Service and Assessment Plan, the Reimbursement Agreement, and the Development Agreement, the Developer will be responsible for any costs of the Improvement Area #1 Projects in excess of the amounts funded by the Bonds, any Additional Improvement Area #1 Bonds (if issued), and the Reimbursement Agreement. See “APPENDIX H – Reimbursement Agreement.”

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* Preliminary, subject to change.

THE DEVELOPMENT

Overview

The Development is an approximately 90.54-acre master planned project that is currently located within the corporate limits of the City. The Development is located just east of State Highway 249 (Tomball Parkway) and north of State Highway 99 (The Grand Parkway) between Holderreith Road and Theis Lane. Plans for the Development currently include trails, open space, a lake with fountains and landscaping, and a park with a pavilion and playground. The Developer expects to complete the Development in approximately three (3) phases with full buildout estimated by July 2025. The entire Development is located within the corporate limits of the City.

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

Estimated Home Prices in Improvement Area #1 and Value to Lien Ratios

Lot Size	Quantity ⁽¹⁾	Base Lot Price ⁽¹⁾⁽²⁾⁽³⁾	Average Base Home Price ⁽¹⁾⁽²⁾	Maximum Assessment per Lot ⁽⁴⁾	Estimated Ratio of Value of Average Base Lot Price to Assessment ⁽⁴⁾	Estimated Ratio of Value of Average Base Home Price to Assessment ⁽⁴⁾
40' x 120'	66	\$50,000	\$290,000	\$34,393	1.45 : 1	8.43 : 1
50' x 120'	57	62,500	340,000	40,323	1.55 : 1	8.43 : 1
Total	123					

(1) Provided by the Developer.

(2) Assumes completion of the Improvement Area #1 Projects.

(3) Values based on sales prices in the Developer's purchase and sale agreements with Homebuilder for the Initial Closing, as defined below. Thereafter, the Base Lot Price will increase by an amount equal to the amount of simple interest that accrues on the Base Lot Price for the period elapsing between the date of the Initial Closing and the date on which the purchase of such Lot is closed and funded, at a per annum rate equal to six percent (6%). Additionally, the purchase price for each Lot will be increased by a fence fee equal to \$40 per linear foot for upgraded wood fencing or \$50 per linear foot for masonry fencing.

(4) Preliminary, subject to change.

Status of Lot Purchase and Sale Agreements

The Developer expects to build homes on 62 of the 123 Lots in Improvement Area #1. On March [1], 2022, the Developer signed a contract to sell the remaining 61 Lots in Improvement Area #1 to Shea Homes Houston, LLC, a Texas limited liability company (the "Homebuilder"). The Developer expects that, after a thirty-day feasibility period, the Homebuilder will, within twenty (20) days of substantial completion of the Improvement Area #1 Projects, initially purchase nine (9) 40' lots and seven (7) 50' lots, including two (2) 50' model lots (the "Initial Closing"). Thereafter, the Homebuilder is expected to purchase eight (8) 40' lots and seven (7) 50' lots every three (3) months from the date of the Initial Closing until all 61 Lots have been purchased. The Developer received an earnest money deposit of \$340,000 from the Homebuilder which will be applied to the purchase price of Lots as they are purchased by the Homebuilder.

Future Improvement Areas and Future Improvement Area Bonds

The Developer anticipates developing the Future Improvement Area in one or two additional phases following the development of Improvement Area #1. The Developer projects the following characteristics and timeline for development of the District, but such projections are subject to change based on a variety of factors, many of which are outside of the control of the Developer:

Expected Buildout of the District ⁽¹⁾

Phase	Expected/Actual Lots	Expected/Actual Lot Sizes	Expected Infrastructure Completion Date	Expected Final Sale Date of Lots to Builders
1 – Developer	33	40'	March 2022	N/A
1 – Developer	29	50'	March 2022	N/A
1 – Homebuilder	33	40'	March 2022	January 2023
1 – Homebuilder	28 ⁽²⁾	50'	March 2022	January 2023
2/3	103	40'	May 2023	November 2024
2/3	73	50'	May 2023	November 2024

(1) Provided by the Developer.

(2) Homebuilder will designate two (2) Improvement Area #1 50' Lots for model homes.

The City expects to issue Future Improvement Area Bonds to finance the Actual Costs of Authorized Improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Bonds, if any, will be secured by separate assessments, separate and distinct from the Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas that benefit from the Authorized Improvements being financed.

The Bonds and the Future Improvement Area Bonds, if any, are separate and distinct securities. The City has reserved the right to issue other obligations for any purpose permitted by the PID Act, including those described above, subject to the conditions discussed in “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Additional Obligations; Other Obligations or Other Liens.”

Photographs of the Development and Improvement Area #1



Intersection of Silver Maple Crossing and School Street facing West



Intersection of Silver Maple Crossing and Hickory Grove Lane facing North



School Street facing North toward Theis Lane entrance



Intersection of Silver Maple Crossing and Wood Leaf Park facing North



Intersection of Silver Maple Crossing and Wood Leaf Park facing South

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, including, but not limited to zoning ordinance No. 2020-19, a planned development ordinance created for the District ("Planned Development - 12"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with Planned Development - 12.

Amenities

Plans for the Development currently include the following amenities: a 1.1-acre park with pavilion and playground, a 3.7-acre lake with fountains and landscape, and walking/jogging trails. The Developer estimates the cost of such amenities to be approximately \$635,000, which the Developer expects to pay with cash. Construction of the amenities is expected to commence in April 2022 and is expected to be completed in August 2022. Upon completion, the HOA is expected to own and maintain the amenities.

Schools

The Development is located entirely within Tomball Independent School District. Students in the Development are expected to attend Tomball Elementary School (EE – 4) (approximately 2 miles from the Development), Tomball Intermediate School (5 – 6) (approximately 2 miles from the Development), Tomball Junior High School (7 – 8) (approximately 3 miles from the Development) and Tomball High School (9 – 12) (approximately 3 miles from the District).

GreatSchools.org rated Tomball Elementary School a 5-out-of-10, Tomball Intermediate School a 7-out-of-10, Tomball Junior High School a 7-out-of-10, and Tomball High School a 6-out-of-10. According to the Texas Education Agency annual school report cards, Tomball Elementary was rated "C" and Tomball Intermediate and Tomball High School were rated as "B" for 2018-2019 (the last year accountability report cards were issued, due to COVID-19). (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

A Phase I Environmental Site Assessment (the "Phase I ESA") of Improvement Area #1 was completed by [_____] in [_____]. A Phase II Environmental Site Assessment (the "Phase II ESA") of Improvement Area #1 was completed by [_____] in [_____]. The Phase I and Phase II ESAs identified some isolated areas with elevated levels of metals, the chemicals benzyne, toluene, ethylbenzene and xylene (BTEX), total petroleum hydrocarbons (TPH) and chlorides in the soils. The site was entered into a Voluntary Cleanup Program ("VCP") with the Texas Railroad Commission prior to Developer's purchase of the site. The Developer joined with the prior owner of the Property in the VCP and has overseen, through DCH Environmental, an environmental consultant, the cleanup during development of the tract. All contaminated materials identified have been removed from the developed sections of the site and are in the process of being remediated. [The VCP is now complete.]

Utilities

Water and Wastewater Service. The City will provide both water and wastewater service to end users within the District.

Other Utilities. The Developer expects additional utilities to be provided by: (1) Electric – CenterPoint Energy; (2) Natural Gas – the City; and (3) Telecommunicates – AT&T and Comcast.

Existing Mineral and Groundwater Rights

The Developer has the groundwater rights relative to the land within the District. Mineral rights within the District are owned by persons other than the Developer. There are two active wells and three inactive wells and

associated pipelines in the Future Development Area. However, the Developer has obtained surface waivers for the entirety of the District except for designated drill sites and easements outside of the areas to be developed in the District. All five of the wells are located within land reserves. One of the inactive wells is within the primary detention pond for the District and was plugged and abandoned during development. The active wells are located on a 1.6-acre drill site and a 1.9-acre drill site, both shown on page vi.

Other than the two active wells, there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District. However, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City has enacted an ordinance regulating the drilling, production, and operation of oil and gas wells, the exploration associated with such operations, and the transport of hydrocarbons or wastes associated with these operations, within the regulated area of the City. Such ordinance may make it difficult for owners of such rights to develop same.

Although the Developer does not expect the above-described mineral rights, or the exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within 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 – Existing Mineral and Groundwater Rights.”

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 Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation 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. See “BONDHOLDERS’ RISKS – Dependence Upon Developer.”

Description of the Developer

Chesmar, LLC, and Chesmar Homes, LTD, were founded in 2005 and were converted to Chesmar Homes, LLC (“Chesmar”) on or about November 11, 2018. Chesmar is owned in its entirety by Chesmar Group, Inc. Donald P. Klein is the founder and Chief Executive Officer of Chesmar and the President of Chesmar Group, Inc. Additionally, Mr. Klein is the Manager and sole member of Affinity Development Company, LLC (“Affinity”), a land development company also founded in 2005. Mr. Klein is an honors graduate of the University of Maryland where he received his degree in Accounting in 1974.

In its second full year of operation ending in 2007, Chesmar closed 357 homes and was the second fastest growing builder in the Houston market. Since that time, Chesmar has grown to six active building divisions in Houston, San Antonio, Central Texas, Austin and Dallas with home closings totaling 1,692 in 2020.

Both Chesmar and Affinity have been involved in land development projects since 2005. Combined, the companies have completed eight projects totaling 1,781 single-family residential lots and currently have two projects under development that will produce a combined 1,081 single-family lots at completion.

Mr. Klein formed both companies after leaving his position as City President for the Lennar Corporation in 2005, where he directed the overall management and operation of homebuilding and land development in the Houston market. During his five years as City President, Lennar grew its business from 2,082 closings and \$390 million in revenue to 4,174 closings and \$724 million in revenue in 2004. Over this same period, Lennar's Houston operations grew from 2 housing divisions and 1 land division to 6 housing divisions and 2 land divisions as the company garnered one of the highest market shares for a national builder in a top ten U.S. market.

The second land division launched during Mr. Klein's tenure was Lennar Houston Land, which was exclusively conceived by Mr. Klein in 2001 as a needed complement to homebuilding operations. In four years, this division grew from two projects to over twenty projects that produced in excess of \$10 million annual profit in 2004.

Development operations for both organizations have been managed by Ron Brooks since 2005. Mr. Brooks has been involved in residential development for 20 years, including 4 years with Lennar Homes of Texas where he was directly responsible for the development of seven communities totaling over 2,000 residential home sites. Mr. Brooks is a graduate of Texas A&M University, where he received a Bachelor of Science in Civil Engineering (1982) and a Master of Science in Land and Real Estate Development (1997).

The projects undertaken by Chesmar and Affinity in the Houston market have primarily been within municipal utility districts ("MUDs"), the most common project financing vehicle in this market area. One development project was located in a Tax Increment Reinvestment Zone rather than a MUD and was successfully completed in the City of Baytown. Otherwise, experience with public improvement districts in Houston has been limited to a single community developed by others in the City of Conroe and the present Wood Leaf Reserve in the City of Tomball.

History and Financing of the District

The Property Acquisition. The Developer was formed for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the real property comprising the District in September 2020 for \$4,978,358 [a cash contribution in the amount of \$_____ and a draw on the Development Loan (defined below) in the amount of \$_____]. The Developer owns the Assessed Property free and clear of any liens.

The Development Financing. The Developer has a \$_____ unsecured line of credit (the "Development Loan") with Wells Fargo Bank for the purpose of, among other things, financing land acquisition, land development and home construction for multiple operating divisions within the company, including paying taxes, insurance and certain of the costs associated with the development of Improvement Area #1 and the Future Improvement Areas. The rate of interest on the Development Loan is equal to the prime interest rate, minus 10 basis points (0.50%). As of _____, 2022, the Development Loan had an outstanding balance of \$_____.

The Developer intends to repay the Development Loan from, among other things, the revenue generated from sales of the Lots to the Homebuilder. In the event of a default under the Development Loan and/or related documents, the Development Lender will have the right to various remedies against the Developer. However, the Development Lender has no rights with respect to any real property in the District.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund all of the costs of the Improvement Area #1 Projects. The Developer's financing for the Improvement Area #1 Projects includes the Development Loan, the net proceeds of the Bonds, a Developer equity contribution of approximately \$1,413,956, and an earnest money deposit from the Homebuilder of \$340,000.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. The total expected cost to complete the Improvement Area #1 Projects is approximately \$5,982,266. The Developer began

construction of the Improvement Area #1 Projects in November 2020 and a portion of the costs of such construction is expected to be reimbursed with proceeds of the Bonds. The Reimbursement Obligation and any other amounts payable to the Developer from funds other than proceeds of the Bonds are subordinate to repayment of principal of and interest on the Bonds.

In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilder, have expended equity or extended unsecured promissory notes. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Improvement Area #1 Assessments is listed in the following table and more fully described in the subheadings below.

Schedule of At-Risk Capital to Expected Costs of the Improvement Area #1 Projects ⁽¹⁾

At Risk Entity	Capital Type	Funding Purpose	Priority of Lien to Improvement Area #1 Assessment Lien	Drawn Amount ⁽²⁾	Available Amount ⁽³⁾
Developer	Equity/Loan	Land Acquisition	Subordinate	\$ _____ ⁽³⁾	\$ _____ ⁽³⁾
Developer	Equity	Developer Contribution	Subordinate	\$1,413,956 ⁽¹⁾	\$1,413,956 ⁽¹⁾
Wells Fargo Bank	Development Loan	Land Acquisition/ Development	Subordinate	\$ _____ ⁽⁴⁾	\$ _____
Shea Homes Houston, LLC	Equity	Earnest Money	Subordinate	\$340,000	\$340,000
Total				\$ _____	\$ _____
Total Expected Costs of the Improvement Area #1 Projects					\$5,982,266

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ Represents amount drawn or spent as of _____, 2022.

⁽³⁾ The Developer purchased the property for a total purchase price of approximately \$4,978,358, of which \$_____ was paid with Developer equity.

⁽⁴⁾ As of _____, 2022, the Developer has drawn \$_____ for land acquisition and \$_____ for development costs.

THE PID ADMINISTRATOR

The following information has been provided by P3Works, LLC, as the Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

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

- Determination of prepayment amounts
- Preparation and review of disclosure notices with the dissemination agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT

Barletta & Associates, Inc. (the “Appraiser”), prepared an appraisal report for the City dated November 5, 2021, based upon a physical inspection of the District conducted on October 30, 2021 (the “Appraisal”). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value and do not address the value or benefit of the Authorized Improvements. Investors should not assume that the disposition of the lots in Improvement Area #1 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F 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 F – Appraisal of Improvement Area #1.”

The Appraiser estimated the bulk market value of the fee simple interest in the land comprising Improvement Area #1 (described as “Section 1” in the Appraisal) of the District by gathering comparable market data and conducting a study of the market area for the purpose of providing the Appraiser’s opinion of the “Upon Completion” bulk market value of the 123 proposed lots in Improvement Area #1.

The sales comparison approach was used to conclude the market values of the bulk and retail revenue of the existing and proposed residential lots. An income approach retail sell-out technique was then employed to derive the indicated “upon completion” bulk market values of the proposed lots in Improvement Area #1. See “APPENDIX F – Appraisal of Improvement Area #1.”

The value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, is \$6,100,000, based on an effective date of January 15, 2022.

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

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in Improvement Area #1. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City’s employees, representatives and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser’s control and the City’s control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are

present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. 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 foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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 the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in Improvement Area #1 is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

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

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. Barletta & Associates, Inc. has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

BONDHOLDERS' RISKS

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

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

General

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the

District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions that 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 Lots 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 Lots.

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

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

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

Deemed Representations and Acknowledgment by Purchasers

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

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 the State. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed by the Governor. The Governor has renewed his declaration monthly. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State. 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.

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 since issued a number of executive orders relating to COVID-19 preparedness, mitigation and phased reopening of the State. Under executive orders in effect as of the date of this Limited Offering Memorandum, there are no COVID-19 related

operating limits for businesses or other establishments. The Governor retains the right to impose additional restrictions on activities. 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 Limited Offering Memorandum.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

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 Bonds are secured primarily by Assessments levied on benefitted property within 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 City has experienced growth in its assessed valuation during the Pandemic, 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 Bonds.

Failure or Inability to Complete Proposed Development

Proposed development within the District 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 BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE IMPROVEMENT AREA #1 ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE IMPROVEMENT AREA #1 ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED UPON. In that event, there could be a default in the payment of the Bonds.

Completion of the Improvement Area #1 Projects

The construction of some of the Improvement Area #1 Projects that are necessary for the successful development of Improvement Area #1 of the Development are not yet complete. The Developer has, however, begun construction of the Improvement Area #1 Projects, including basic grading, construction of utilities and paving. The cost and time for completion of all of such improvements 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 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 or its

affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Developer may be unable to complete timely all of such necessary improvements.

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 lots being assessed, could impair the economic viability of the Development and could reduce the ability or desire of property owners to pay the Assessments.

The Developer is constructing homes on approximately half of the Lots in Improvement Area #1. Consequently, aside from the Developer's completion of the Improvement Area #1 Projects, the Developer will not be able to affect or control the absorption rate of homes within approximately half of Improvement Area #1.

Assessment Limitations

Annual Installments of the Assessments are billed to property owners in Improvement Area #1 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." Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, Annual Collection Costs, the Additional Interest and amounts due pursuant to the Reimbursement Agreement. See "ASSESSMENT PROCEDURES." 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 Assessments in the future.

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

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

Based upon the language of Texas Local Government Code, § 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 Texas 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 Texas 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 Developer represents that it owns 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 Bond Reserve Account and Delinquency and Prepayment Reserve Account, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE IMPROVEMENT AREA #1 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 ARE A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1.

Competition

The housing industry in the Houston MSA 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 of any homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

Competitive projects in the area include, but are not limited to:⁽¹⁾

Project Name	Number of Units	Units Remaining	Proximity to District	Developer	Start of Home Construction	Prices
Alexander Estates	251	156	3 miles	Meritage Homes/Lennar	Q3 2020	\$340,000 - \$450,000
Cherry Pines	305	168	Adjacent	Meritage Homes	Q2 2020	\$320,000 - \$380,000
Cherrywood Estates	58	58	1 mile	Bold Fox/Chesmar	Q2 2021	\$350,000 - \$400,000
Raburn Reserve	349	349	3.8 miles	Hines Interests	Q4 2021	\$380,000 - \$520,000

⁽¹⁾ Provided by the Developer from Metrostudy 2021 year-end report. Except for Cherry Pines, all of such projects are located either in a public improvement district or municipal utility district.

Bankruptcy

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

PACE Lien Priority

Pursuant to Chapter 399, Texas Local Government Code, as amended (the "Property Assess Clean Energy Act" or "PACE"), commercial property owners in Texas may obtain long-term financing for water conservation, energy-efficiency, and renewable energy projects. The financing is repaid through an assessment levied by a city or county. This assessment is a first and prior lien against the property and has the same lien priority as ad valorem taxes

from the time the lien is recorded in the County real property records. As such, to the extent that a property subject to both an Assessment and also a PACE assessment is foreclosed on for nonpayment of taxes or assessments, the proceeds from the foreclosure sale of the property would be used first to pay any delinquent ad valorem taxes, any delinquent PACE lien, and then for the payment of any delinquent Assessments. The Developer does not intend to avail itself of any PACE program.

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, whether from taxes, assessments or private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See “OVERLAPPING TAXES AND DEBT.”

Depletion of Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

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 Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is only partially funded from the proceeds of the Bonds. Instead, the Delinquency and Prepayment Reserve Requirement of the Delinquency and Prepayment Reserve Account is accumulated over the course of approximately 10 years by the mechanism described in “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of the Reserve Fund is less than the Bond Reserve Account Requirement or the Delinquency and Prepayment Reserve Requirement, as applicable, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Bond Reserve Account” and “– Delinquency and Prepayment Reserve Account.”

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 the “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 for the remedy of a hazardous substance condition of a Parcel. The City has not independently verified, and is not aware, that the Developer 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 a 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 the ESAs 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.

Recent Changes in State Law Regarding Public Improvement Districts

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or homebuilders within the District do not provide the required notice and prospective purchasers of property within the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property should be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or homebuilders within the District do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached as Exhibit N to the Service and Assessment Plan. See “Appendix C – Form of Service and Assessment Plan.”

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments, including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 87th Legislative Session of the State ended on May 31, 2021, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called three special legislative sessions, which all concluded without any legislation being introduced or passed related to the oversight of bonds secured by assessments. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

100-Year Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency’s flood map 48201C0230L, effective June 2007, none of Improvement Area #1 is located within the 100-year flood plain. Approximately one-third of the District is located within the 100-year flood plain, all within the Future Improvement Areas. The Developer expects the majority of the areas within the flood plain to be used for detention, mitigation and park space. Areas within the flood plain that the Developer expects to be used for residential Lots have been filled and are expected to be subject to a future Letter of Map Revision.

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has

experienced four storms exceeding a 0.2% probability (i.e., “500-year flood” event) since 2015. Several of these storms, including Hurricane Harvey and Tropical Storm Imelda, resulted in widespread damages to residential and commercial properties in the greater Houston area. If a future weather event significantly damaged all or part of the properties comprising the tax base within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the City’s tax rate. There can be no assurance that a casualty loss to taxable property within the City or the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the City or the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the City or the value of property within the District could be adversely affected.

In February 2021, much of Texas, including the City, was impacted by Winter Storm Uri, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

Exercise of Mineral Rights

As described herein under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights,” there are certain mineral rights reservations located within the District and 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 Harris County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District 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

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of the Owners of at least twenty-five percent (25%) of the Bonds then Outstanding 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 Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS – Bankruptcy Limitation to Bondholders’ Rights.”

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 (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by 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).

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 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within the District available to pay debt

service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the 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 expressly denies the right of acceleration in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Limited Secondary Market for the Bonds

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

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 (“Chapter 9”). 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 Chapter 9, 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 Chapter 9, (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 Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City’s debt.

Management and Ownership

The management and ownership of the Developer and related or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such

circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

Tax-Exempt Status of the Bonds

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

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

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

General Risks of Real Estate Investment and Development

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined “true-up” agreement has been entered into between the City and the Developer, nor is there a requirement that future developers enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development that the necessary revisions to the Service and Assessment Plan will be made. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

The ability of the Developer and homebuilders to develop lots and sell single-family residential homes within the District may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to and residents.

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.

The Development cannot be 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 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.

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 Bonds depends on the willingness and ability of the Developer, the Homebuilder and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

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 more difficult. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of Parcel, Lot and home sales within the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

Risks Related to Exposure to the Oil and Gas Industry

The economy of the greater Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand of residential and commercial property in the area and could reduce or negatively affect property values or homebuilding activity within the District.

Risks Related to Current Increase in Costs of Building Materials

As a result of the Pandemic, low supply and demand and the ongoing trade war, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. The Developer is responsible for the construction of the Improvement Area #1 Projects. The Developer expects to finance a portion of the costs of the Improvement Area #1 Projects from proceeds of the Bonds. If the Actual Costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to

complete the Improvement Area #1 Projects or pay the Assessments when due. If the costs of material continue to increase, it may affect the ability of the Developer and the Homebuilder to construct homes within the District. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate water and wastewater service to the Development. If the City fails to provide water and wastewater services to the property in the District, the Development cannot be substantially completed, and builders will not purchase lots to construct homes. See “THE DEVELOPMENT – Utilities.”

Dependence Upon Developer

Initial Liability for Assessments. The Developer, as the sole owner of assessable property within Improvement Area #1, has the obligation for the payment of all of the Assessments. On March 1, the Developer executed a contract with the Homebuilder to sell, after a thirty-day feasibility period, approximately half of the Lots within Improvement Area #1 to the Homebuilder, but until the Developer closes on the sale of the Lots to Homebuilder or other third-parties, 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 Bonds. The assets of the Developer are generally limited to land within the District, the proceeds from the sale of prior Lots within the District, related permits and development rights and the Development Loan.

The City will pay the Developer, or the Developer’s designee, from proceeds of the Bonds for the Actual Costs of developing and constructing the Improvement Area #1 Projects within the District. See “THE IMPROVEMENT AREA #1 PROJECTS – General” and “– The Improvement Area #1 Projects.” There can be no assurances given as to the financial ability of the Developer to complete such improvements.

The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds from Future Improvement Area Bonds, if issued by the City as anticipated, and proceeds from Lot sales, as well as the Development Loan (and other possible bank financings) and equity contributions by the Developer and its equity holders and affiliates. 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.

Agricultural Use Valuation and Redemption Rights

None of the property in the District is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under Texas 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 twenty-five percent (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 the Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises the possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City, the City’s Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the City, the City’s Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel’s ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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 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 as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer, and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the 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 Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “Original Issue Discount Bonds”). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption,” “– Collateral Tax Consequences” and “– Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Limited Offering Memorandum.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Limited Offering Memorandum. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of

compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

LEGAL MATTERS

Legal Proceedings

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

Bracewell 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 Bonds.

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE – The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings," "– Legal Opinions," "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF 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 Bonds, the Bond Ordinance, the

Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, 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 Developer, threatened against or affecting Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Developer or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). The Developer and its affiliates 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 Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Bonds are not, at this time, rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS – 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 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be

qualified as to the enforceability of the remedies provided in the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”) have entered into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Issuer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the 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 the Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the 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 the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the 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 the Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

The City’s Compliance with Prior Undertakings

In the last five years, the City has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the City in accordance with the Rule.

The Developer

The Developer, the Administrator, and the Dissemination Agent, will, in connection with the issuance of the Bonds, enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Developer, certain information regarding Improvement Area #1 and the Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of the Developer.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of the 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 the Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of the 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 the Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Developer or from any statement made pursuant to the Disclosure Agreement of the Developer.

The Developer's Compliance with Prior Undertakings

In the last five years, the Developer has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the Developer in accordance with the Rule.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$_____ (representing the par amount of the Bonds, less an underwriting discount of \$_____) and no accrued interest. The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. Subject to certain restrictions contained in the bond purchase agreement, the Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current Pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See "BONDHOLDERS' RISKS – Infectious Disease Outbreak."

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

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

Legal Investments

Under State law, the City is authorized to invest in obligations meeting the requirements of 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 270 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 money market 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 money market 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 “AAA-m” or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. 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 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 Texas 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, 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 Texas law, City 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 investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Additional Provisions

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) 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; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

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 Improvement Area #1 Projects generally and, in particular, the information included in the sections captioned “PLAN OF FINANCE – Development Plan” and “– Status of Builder Contracts,” “THE IMPROVEMENT AREA #1 PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1 Projects 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 light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum, which is subject to the assumptions, hypothetical conditions and qualifications set forth therein, has been provided by the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

AUTHORIZATION AND APPROVAL

The City has approved of the form and content of this Preliminary Limited Offering Memorandum and authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. The City covers approximately 12.32 square miles. The City's 2010 population was 10,753. The City's expected 2021 population is 12,341.

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated on July 18, 1933, and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

Historical Employment in Harris County

The following information has been provided for informational purposes only.

Historical Employment in Harris County (Average Annual)

Harris County

	2021	2020	2019	2018	2017
Civilian Labor Force	3,482,713	2,296,811	2,369,313	2,304,397	2,268,057
Total Employed	3,314,497	2,072,143	2,283,355	2,203,924	2,153,104
Total Unemployed	168,216	224,668	85,958	100,473	114,953
Unemployment Rate	4.8%	9.8%	3.6%	4.4%	5.1%

Source: Bureau of Labor Statistics

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>
Hewlett Packard	10,000
Tomball ISD	1,478
HCA (prev. Tomball Regional Medical Center)	1,300
Lone Star College – Tomball	1,056
Baker Hughes (BJ Services)	680
Wal-Mart	357
H-E-B	218
City of Tomball	193
Kindred Hospital	160
Lowe's	159

Source: Municipal Advisory Council of Texas

REGIONAL EMPLOYMENT

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

City of Magnolia, TX		City of Conroe, TX		City of Houston, TX		Township of the Woodlands	
Approximately 12 Miles from the City		Approximately 28 Miles from the City		Approximately 32 Miles from the City		Approximately 18 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Magnolia ISD	1,600	Conroe ISD	8,503	Houston Methodist	25,543	Conroe ISD	4,487
Canrig Drilling Technology Inc.	380	Montgomery County	2,415	H-E-B	25,337	Memorial Hermann The Woodlands Hosp.	2,927
US Post Office	62	Conroe Regional Medical Center	1,700	Wal-Mart	22,854	Wildcat PPE	2,415
Magnolia Volunteer Fire Department	61	City of Conroe	763	Memorial Hermann Healthcare System	21,925	Houston Methodist, The Woodlands Hosp.	1,647
Arlan's Market	45	Cantel	400	Univ. of TX MD Anderson Cancer Center	21,576	CHI St. Luke's Health	1,600
Montgomery County Precinct 2	42	NOV Wellbore Technologies	400	HCA Houston Healthcare	15,000	ExxonMobil	1,527
Hapeco Inc.	30	NOV Fluid Control	375	United Airlines	13,500	Lone Star College - Montgomery	1,431
Hyvair Corporation	30	Professional Directional	300	Kroger Company	13,490	Alight Solutions	1,200
City of Magnolia	28	Borden	225	ExxonMobil	13,490	TX Children's Hospital	1,188
Rancho Grande Restaurant	26	NOV Texas Oil Tools	220	Shell Oil Company	11,500	McKesson Specialty Health	1,040

City of Katy, TX	
Approximately 20 Miles from the City	
Employer	Employees
Katy Mills	2,900
Katy ISD	1,827
Amazon	1,300
Igloo	1,061
Typhoon Texas	755
Wal-Mart	388
HEB Grocery/Gas	340
Costco	292
City of Katy	265
American Furniture Warehouse	252

City of Humble, TX	
Approximately 27 Miles from the City	
Employer	Employees
Memorial Hermann	1,000
Humble ISD	593
Lawler Food	402
Wal-Mart	370
CDI Seals	331
Harris County Annex	272
Macy's	265
City of Humble	194
Target	150
Kroger	130

Sources: Municipal Advisory Council of Texas (employment data).
Note: Map is not to scale and has been edited for ease of use.

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

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APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #1

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APPENDIX G

DEVELOPMENT AGREEMENT

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APPENDIX H

REIMBURSEMENT AGREEMENT

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City Council Meeting

Agenda Item

Data Sheet

Meeting Date: March 7, 2022

Topic:

Discussion and possible action to approve the base Advanced Funding Agreement with TxDOT for the reconstruction of FM 2920 from State Highway 249 to Willow Street

Background:

Based on the Council approval of the 2920 Access Management Plan in 2008, City staff submitted the FM 2920 reconstruction from State Highway 249 to Willow Street project in the 2015 Transportation Improvement Projects (TIP) call for projects (see letter dated Jan. 8, 2015, by CM George Shackelford). H-GAC awarded the reconstruction project to the City. The scope of the project included original the addition of raised medians and center turn lanes, sidewalk accessibility throughout the length of the project, and the opportunity for aesthetic enhancements. There will also be improvements to the drainage as well as appropriate landscaping.

Funding for this project consists of federal, state and local funds. In 2008, the City Council approved an allocation of \$3 million dollars to go towards this project as the local funds portion.

Since the project has been delayed due to discussions of the scope of the project and the use of the local funding, staff is recommending approval of the base advanced funding agreement (AFA) with TxDOT to help ensure that the funding of the project will not be reallocated to a different project during the H-GAC call for projects that is scheduled for this May, 2022. This agreement also allows for City to enter into a contract with an engineer to provide the necessary information that is needed in order to approve the rest of the agreements of the project.

In the discussions with TxDOT to this point, the agreements are structured as follows:

1. **Base AFA** – Outlines responsibility of each entity and defines engineering as the City's responsibility.
2. **Utility AFA** – Allows TxDOT to coordinate the bidding and construction of the utility relocation. The City of Tomball is responsible for 100% of the relocation costs by law.
3. **Aesthetic and Landscape Enhancements AFA** – some of the items that can be included are non-roadway illumination, aesthetic features, unique landscape structures, landscaping, irrigation, amenities, and other similar enhancements. The scope of this AFA has not been determined.
4. **Right of Way Procurement AFA** – details the responsibilities of the entities as it pertains to the ROW acquisition. By law, local participation is set at 10% of the actual cost of acquisition.

Only the base AFA is recommended to be approved with this item.

Origination: City Management

Recommendation:

Party(ies) responsible for placing this item on agenda: David Esquivel, City Manager

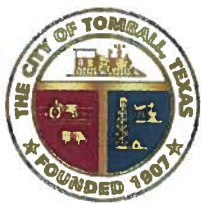
FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account: # _____ To Account: # _____

Signed: David Esquivel 03/03/2022 **Approved by:** _____
Staff Member Date City Manager Date



City of Tomball

Gretchen Fagan
Mayor

George Shackelford
City Manager

January 8, 2015

Mr. Alan Clark
MPO Director
Houston-Galveston Area Council
P.O. Box 22777
Houston, Texas 77027

Re: 2015 TIP Call for Projects

Dear Mr. Clark:

In 2008, H-GAC, the City of Tomball, and TxDOT, prepared and adopted the 2920 Access Management Plan setting forth proposed transportation improvements on FM2920 in Tomball. Please let this letter serve as the City of Tomball's support for access management improvements along the FM 2920 corridor. The scope of the project involves the addition of raised medians and center turn lanes along FM 2920 from State Highway 249 Business to Willow Street. The Tomball City Council was presented a concept of the improvements on December 15, 2014 and unanimously and enthusiastically supported the project. The City Council also approved an allocation of \$3 million towards the project. A certified copy of the City Council's minutes From December 15, 2014 is attached for reference (see item 9.5).

If you have any questions or require more information, please contact me directly at gshackelford@tomballtx.gov or (281) 290-1006. Thank you.

Sincerely,

George T. Shackelford
Tomball City Manager

STATE OF TEXAS

COUNTY OF HARRIS

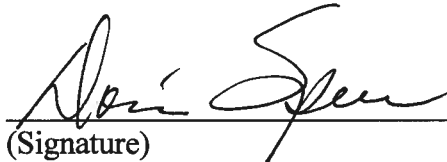
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CERTIFICATE TO COPY OF ORIGINAL RECORD

I hereby certify, in the performance of the functions of my office, that the attached instrument is a full, true and correct copy of the original of the **approved Minutes of the Tomball City Council Meeting, held on December 15, 2014**, and that said original document is an official record from the public office of the City Secretary of the City of Tomball, Texas, Harris County, State of Texas, and is kept in said office.

I further certify that I am the City Secretary of the City of Tomball, Texas, that I have legal custody of said record, and that I am a lawful possessor and keeper and have legal custody of the **approved Minutes of the Tomball City Council Meeting, held on December 15, 2014** in said office.

In witness whereof I have hereunto set my hand and affixed the official seal of said office this 8th day of January 2015.


(Signature)

City Secretary and Records Management Officer
(Title)

City of Tomball, Harris County
State of Texas



**MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, DECEMBER 15, 2014

6:00 P.M.

1.0 Call to Order

The Council meeting was called to order at 6:00 p.m. by Mayor Fagan. Other members present:

Councilman Hudgens
Councilman Degges
Councilman Stoll
Councilman Townsend
Councilman Klein Quinn

Others present:

City Manager – George Shackelford
Assistant City Manager – Robert Hauck
City Secretary – Doris Speer
City Attorney – Loren Smith
Fire Chief – Randy Parr
Marketing Director – Mike Baxter
Community Development Director – Craig Meyers
City Engineer – Lori Lakatos
City Planner - Harold Ellis
Community Center Manager – Rosalie Dillon
Community Development Coordinator – Amelia Vasquez
Fire Marshal – Doug Sanguedolce
Community Events Coordinator – Denise Neef-Fiore
Executive Director-TEDC – Kelly Violette

- 2.0** The invocation was led by Kenny Rodgers, Anointed Faith Family Church
- 3.0** The pledges to U. S. and Texas Flags were led by Members of the Tomball High School Student Council.
- 4.0** No comments were received.

5.0 Presentations were made by Mayor Fagan to the ***Broussard Community Park Sponsors*** in recognition of their contributions of time, resources, labor, etc. to the construction day at Broussard Community Park.

6.0 Reports and Announcements:

- December 24-25, 2014 – Christmas Holiday – City Offices Closed; open Friday, December 26, 2014
- January 1, 2015 – New Year’s Day Holiday – City Offices Closed; open Friday, January 2, 2015
- ***Walk Tomball!*** – Every Saturday at **9:00 a.m.** at the Depot
- Reports by City staff and members of council about items of community interest on which no action will be taken:
 - Rosalie Dillon presented a report on the success of the City’s ***“Christmas on Commerce”***.
 - Denise Neef-Fiore presented a report on the success of the City’s ***“Lamp Post Decorating Contest”***.
 - Councilman Stoll requested consideration and possible action for the purchase of body cameras for Tomball police officers at a future Council meeting
 - Councilman Townsend requested City staff to provide information for Council consideration of methods to mitigate parking problems in the depot area during festivals and other City events, particularly visitors parking in private property owners’ front yards.

7.0 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to approve the Minutes of the December 1, 2014 Regular City Council Meeting.

Motion carried unanimously.

8.0 Old Business:

8.1 Motion was made by Councilman Hudgens, second by Councilman Stoll, to adopt, on Second Reading, Resolution No. 2014-29-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation’s Project to Expend Funds in accordance with an Economic Development Agreement by and between the Corporation and 2978 Panormus LP, to make direct incentives to, or expenditures for, assistance with infrastructure costs for the promotion of new or expanded business enterprise related to the construction of a multi-use project (Peck Station) on approximately 34.495 acres of land generally located at the northwest corner of FM 2978 and FM2920 in Tomball, Texas. Vote was as follows:

Councilman Hudgens Aye

Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 8.2 Motion was made by Councilman Stoll, second by Councilman Hudgens, to adopt, on Second Reading, Ordinance No. 2014-42, an Ordinance of the City of Tomball, Texas, Finding and Determining that the Public Convenience and Necessity no longer require the Continued Existence of a Certain Portion of a Gas Line Easement across a Certain 0.0125 Acre Tract of Land being out of and a part of the William Hurd Survey, A-378, Tomball, Harris County, Texas and being out of and a part of Commercial Reserve No. 7 of Tomball Parkway Plaza, the Map of which is recorded in Volume 331, Page 10 of the Map Records of Harris County, Texas, Located in the City of Tomball, Texas; Vacating, Abandoning, and Closing Said Portion of Such Gas Line Easement; Authorizing the City Manager to Execute and the City Secretary to Attest a Quitclaim Deed Quitclaiming the City's Interest in Said Abandoned Easement; and Containing Other Provisions Relating to the Subject. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

9.0 New Business

- 9.1 Motion was made by Councilman Townsend, second by Councilman Degges, to approve Tomball Art League Request for In-Kind Support of Two Annual Art Shows at the Tomball Community Center, to be Held Saturday, March 7, 2015 and Saturday, September 19, 2015
- 9.2 Consideration to Approve **ZONING CASE P14-227**: Request by Nancy Gomez, on behalf of Nancy Gomez Revocable Living Trust, for a Conditional Use Permit to operate a gymnastics school which is classified in Chapter 50 (Zoning) of the Tomball Code of Ordinances as a "Dance/Drama/Music School." The property is approximately 2.46 acres, is legally described as Tract 42B, Tomball Outlots, is generally located between Ulrich Road and Rudolph Road, north of East Hufsmith Road, and is located in the Single-Family Estate Residential-20 District

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-227** at 6:25 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:25 p.m.

- Motion was made by Councilman Townsend, second by Councilman Degges, to read Ordinance No. 2014-43 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Degges, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-43, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances by Granting a Conditional Use Permit (Cup) to Nancy Gomez Revocable Living Trust to Operate a "Dance/Drama/Music School;" Said Property Being Approximately 2.46 Acres, and Being Legally Described As Tract 42b, Tomball Outlots, Generally Located Between Ulrich Road and Rudolph Road, North of East Hufsmith Road; Providing Requirements and Conditions For This Cup; Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day Of Violation Of Any Provision Hereof, Making Findings Of Fact; and Providing For Other Related Matters. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.3 Consideration to Approve **ZONING CASE P14-232**: Request by Pamela Castelain to amend Chapter 50 (Zoning) of the Tomball Code of Ordinances by rezoning approximately 1.13 acres of land, legally described as Tract 7D-3, Abstract 34, Joseph House Survey, within the City of Tomball, Harris County, Texas, generally located south of Baker Drive, west of State Highway 249, from the Multifamily Residential District to the Commercial District.

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-232** at 6:31 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:31 p.m.

- Motion was made by Councilman Townsend, second by Councilman Stoll, to read Ordinance No. 2014-44 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Townsend, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-44, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code Of Ordinances By Changing The Zoning District Classification of Approximately 1.13 Acres of Land, Legally Described as Tract 7d-3, Abstract 34, Joseph House Survey, Within The City Of Tomball, Harris County, Texas, From The Multifamily Residential District to The Commercial District; Said Property Being Generally Located South of Baker Drive, West of State Highway 249; Providing For The Amendment of The Official Zoning Map of The City; Providing For Severability; Providing For a Penalty Of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing For Other Related Matters. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

9.4 Consideration to Approve **ZONING CASE P14-239**: Request by the City of Tomball to amend Section 50-82(b) ("Use Charts") of the Tomball Code of Ordinances.

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-239** at 6:37 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:37 p.m.

- Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to read Ordinance No. 2014-45 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to adopt, on First Reading, Ordinance No. 2014-45, an Ordinance of the City Of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances By Amending Section 50-82(B) ("Use Charts"); Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; And Providing For Other Related Matters.

Motion to Amend was made by Councilman Townsend, second by Councilman Klein Quinn, to adopt, on First Reading, Ordinance No. 2014-45, an Ordinance of

the City Of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances By Amending Section 50-82(B) ("Use Charts"); Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; And Providing For Other Related Matters, with the additional amendment to restrict Auto Parts Sales (new or rebuilt; with outside storage or display) and Tire Sales (outdoors, with outside storage) in the Old Town & Mixed Use (OT&MU) District. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion, as Amended, carried unanimously.

- 9.5 Motion was made by Councilman Townsend, second by Councilman Stoll, to authorize the City Manager to Execute the Grant Application for the Houston-Galveston Area Council (H-GAC) 2015 TIP Call for Projects for FM 2920 (Main Street) From Tomball Parkway (Business SH 249) to Willow Street.

Motion to Amend was made by Councilman Townsend, second by Councilman Stoll, to authorize the City Manager to Execute the Grant Application for the Houston-Galveston Area Council (H-GAC) 2015 TIP Call for Projects for FM 2920 (Main Street) From Tomball Parkway (Business SH 249) to Willow Street, and to authorize allocation of matching funds in the amount of \$3,000,000, for the proposed project.

Motion, as amended, carried unanimously.

- 9.6 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to ratify the Purchase of Real Property and Authorize City Manager to Execute Contract Assignment of Buyer's Interest from Douglas E. Carter to the City of Tomball for Lots 1-6, Block 27, Elm Street in Tomball, Texas; Property Owned by Jason S. Fuselier and Lori K. Fuselier.

Motion carried unanimously.

- 9.7 Motion was made by Councilman Stoll, second by Councilman Klein Quinn, to ratify the Purchase of Real Property and Authorize City Manager to Execute the Contract Assignment of Buyer's Interest from Douglas E. Carter to the City of Tomball for Lot 5, Block 26, 100 Florence Street, Tomball, Texas; property owned by Malinda R. Edmonds.

Motion carried unanimously.

- 9.8 Motion was made by Councilman Townsend, second by Councilman Degges, to approve Settlement Agreement and Release of All Claims between the City of Tomball, Texas, and Jana's Dirt, L.L.C.

Motion carried unanimously.

- 9.9 Motion was made by Councilman Stoll, second by Councilman Townsend, to read Ordinance No. 2014-47 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Klein Quinn, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-47, an Ordinance of the City of Tomball, Texas, Finding and Determining that the Public Convenience and Necessity no longer require the Continued Existence of a Certain Portion of a Roadway Right-of-Way Designated Michel Road, Such Portion Containing 1.2748 Acres of Land Located in the Jesse Pruitt Survey, Abstract Number 629 and being out of Lot 172, Tomball Townsite, a Subdivision Recorded in Volume 2, Page 65 of the Map Records of Harris County, Texas and being out of a Residue of a 1.382 Acre Tract of Land Conveyed to the City of Tomball, Texas by Deed Recorded in the Harris County Clerk's Records File No. J819957, Film Code No. 002-64-1844 of the Official Public Records of Real Property of Harris County, Texas, Said Tract being more Particularly Described in Exhibit "A" Attached Hereto; Vacating, Abandoning, and Closing Said Portion of Such Road Right-of-Way; Authorizing the City Manager to Execute and the City Secretary to Attest a Special Warranty Deed Conveying the City's Interest in Said Abandoned Roadway Right-of-Way; and Containing Other Provisions Relating to the Subject. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.10 Council recessed at 7:28 p.m. to meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):

- Sec. 551.072 – Deliberations Regarding Real Property


Upon reconvening in regular session at 7:48 p.m., no action was taken.

10.0 Motion was made by Councilman Townsend, second by Councilman Stoll, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this the 5th day of January 2015.


Doris Speer, TRMC, CMC
City Secretary


Gretchen Fagan
Mayor

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STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT

For

A Local Government Contribution to a Metropolitan and Urban Corridor Project On-System

THIS AGREEMENT (Agreement) is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the “State”, and the **City of Tomball**, acting by and through its duly authorized officials, called the “Local Government”. The State and Local Government shall be collectively referred to as “the parties” hereinafter.

WITNESSETH

WHEREAS, the Texas Transportation Code, Section 201.103 establishes that the State shall design, construct and operate a system of highways in cooperation with local governments, and Section 222.052 authorizes the Texas Transportation Commission to accept contributions from political subdivisions for development and construction of public roads and the state highway system within the political subdivision, and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds, and

WHEREAS, the Texas Transportation Commission has codified 43 TAC, Rules 15.50-15.56 that describe federal, state, and local responsibilities for cost participation in highway improvement and other transportation projects, and

WHEREAS, the State and Local Government do not anticipate that federal funds will be used for the Project governed by this Agreement; and

WHEREAS, the Texas Transportation Commission passed Minute Order Number **115005** authorizing the State to undertake and complete a highway improvement or other transportation project generally described as **the reconstruction of FM 2920 from BS 249 to Willow St.**. The portion of the project work covered by this Agreement is identified in the Agreement, Article 3, Scope of Work (Project), and

WHEREAS, the Governing Body of the Local Government has approved entering into this Agreement by resolution, ordinance, or commissioners court order dated _____, which is attached to and made a part of this Agreement as Attachment A, Resolution, Ordinance, or Commissioners Court Order. A map showing the Project location appears in Attachment B, Location Map Showing Project, (Attachment B) which is attached to and made a part of this Agreement.

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NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows

AGREEMENT

1. Responsible Parties:

For the Project covered by this Agreement, the parties shall be responsible for the following work as stated in the article of the Agreement referenced in the table below:

1.	N/A	Utilities	Article 8
2.	State	Environmental Assessment and Mitigation	Article 9
3.	Local Government	Architectural and Engineering Services	Article 12
4.	State	Construction Responsibilities	Article 13
5.	N/A	Right of Way and Real Property	Article 15

2. Period of the Agreement

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in effect until the Project is completed or unless terminated as provided below.

3. Scope of Work

The scope of work for this Project consists of the design and reconstruction of FM 2920, a 4-lane roadway. The Project is approximately 1.7 miles in length from Business 249 to Willow Street. The Project will include asphalt paving, installation of a raised median, drainage, signal improvements including upgraded equipment and interconnected communication lines, and sidewalks in order to improve safety and bring the roadway up to current ADA standards

4. Project Sources and Uses of Funds

The total estimated cost of the Project is shown in Attachment C, Project Budget, (Attachment C) which is attached to and made a part of this Agreement.

- A. If the Local Government will perform any work under this Agreement for which reimbursement will be provided by or through the State, the Local Government must complete training. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled "Local Government Project Procedures and Qualification for the Texas Department of Transportation" and retains qualification in accordance with applicable TxDOT procedures. Upon request, the Local Government shall provide the certificate of qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not

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- continuously designated in writing a qualified individual to work actively on or to directly oversee the Project.
- B. The expected cash contributions from the State, the Local Government, or other parties are shown in Attachment C. The State will pay for only those Project costs that have been approved by the Texas Transportation Commission.
 - C. Attachment C shows, by major cost categories, the cost estimates and the party responsible for performing the work for each category. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.
 - D. The State will be responsible for securing the State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.
 - E. The Local Government will be responsible for all non-State participation costs associated with the Project, unless otherwise provided for in this Agreement or approved otherwise in an amendment to this Agreement. For items of work subject to specified percentage funding, the Local Government shall only in those instances be responsible for all Project costs that are greater than the maximum State participation specified in Attachment C and for overruns in excess of the amount specified in Attachment C to be paid by the Local Government.
 - F. The budget in Attachment C will clearly state all items subject to fixed price funding, specified percentage funding or the periodic payment schedule, when periodic payments have been approved by the State.
 - G. When the Local Government bears the responsibility for paying cost overruns, the Local Government shall make payment to the State within thirty (30) days from the receipt of the State's written notification of additional funds being due.
 - H. When fixed price funding is used, the Local Government is responsible for the fixed price amount specified in Attachment C. Fixed prices are not subject to adjustment unless (1) differing site conditions are encountered; (2) further definition of the Local Government's requested scope of work identifies greatly differing costs from those estimated; (3) work requested by the Local Government is determined to be ineligible for federal participation; or (4) the adjustment is mutually agreed to by the State and the Local Government.
 - I. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment C. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering performed or reviewed by the State for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.

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- J. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this Agreement.
- K. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the “Texas Department of Transportation” or may use the State’s Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided by TxDOT’s Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.
- L. The State will not pay interest on any funds provided by the Local Government.
- M. If a waiver for the collection of indirect costs for a service project has been granted under 43 TAC §15.56, the State will not charge the Local Government for the indirect costs the State incurs on the local Project, unless this Agreement is terminated at the request of the Local Government prior to completion of the Project.
- N. If the Local Government is an Economically Disadvantaged County (EDC) and if the State has approved adjustments to the standard financing arrangement, this Agreement reflects those adjustments.
- O. Where the Local Government is authorized to perform services under this Agreement and be reimbursed by the State, the Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice, in a form and containing all items required by the State, no more frequently than monthly and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred the State may refuse to reimburse the Local Government for those costs.
- P. Upon completion of the Project, the State will perform a final accounting of the Project costs for all items of work with specified percentage funding. Any funds due by the Local Government or the State for these work items will be promptly paid by the owing party.
- Q. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.
- R. Payment under this Agreement beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this Agreement shall be terminated immediately with no liability to either party.

5. Termination of this Agreement

This Agreement shall remain in effect until the Project is completed and accepted by all parties, unless:

- A. The Agreement is terminated in writing with the mutual consent of the parties;

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- B. The Agreement is terminated by one party because of a breach, in which case any cost incurred because of the breach shall be paid by the breaching party;
- C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or
- D. The Agreement is terminated by the State because the parties are not able to execute a mutually agreeable amendment when the costs for Local Government requested items increase significantly due to differing site conditions, determination that Local government requested work is ineligible for federal or state cost participation, or more thorough definition of the Local Government's proposed work scope identifies greatly differing costs from those estimated. The State will reimburse Local Government remaining funds to the Local Government within ninety (90) days of termination; or
- E. The Project is inactive for thirty-six (36) months or longer and no expenditures have been charged against state funds, in which case the State may in its discretion terminate this Agreement.

6. Amendments

Amendments to this Agreement due to changes in the character of the work, terms of the Agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

7. Remedies

This Agreement shall not be considered as specifying the exclusive remedy for any Agreement default, but all remedies existing at law and in equity may be availed of by either party to this Agreement and shall be cumulative.

8. Utilities (N/A)

9. Environmental Assessment and Mitigation

Development of a transportation project must comply with applicable environmental laws. The party named in article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. The identification and assessment of any environmental problems associated with the development of a local project governed by this Agreement.
- B. The cost of any environmental problem's mitigation and remediation.
- C. Providing any public meetings or public hearings required for the environmental assessment process. Public hearings will not be held prior to the approval of Project schematic.
- D. The preparation of the NEPA documents required for the environmental clearance of this Project.

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10. Compliance with Accessibility Standards

All parties to this Agreement shall ensure that the plans for and the construction of all projects subject to this Agreement are in compliance with standards issued or approved by the Texas Department of Licensing and Regulation (TDLR) as meeting or consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

11. Procurement Standards

For projects being managed by the Local Government and on the State highway system or that include state funding, the Local Government must obtain approval from the State for its proposed procurement procedure for the selection of a professional services provider, a contractor for a construction or maintenance project, or a materials provider.

12. Architectural and Engineering Services

The party named in Article 1, Responsible Parties, under AGREEMENT has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable *State's Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the state highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the state highway system, the design shall, at a minimum, conform to applicable American Association of State Highway and Transportation Officials (AASHTO) design standards.

In procuring professional services, the parties to this Agreement must comply with Texas Government Code 2254, Subchapter A. If the Local Government is the responsible party, the Local Government shall submit its procurement selection process for prior approval by the State. All professional service contracts must be reviewed and approved by the State prior to execution by the Local Government.

13. Construction Responsibilities

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

- A. Advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. Projects must be authorized by the State prior to advertising for construction.
- B. If the State is the responsible party, the State will use its approved contract letting and award procedures to let and award the construction contract.
- C. If the Local Government is the responsible party, the Local Government shall submit its contract letting and award procedures to the State for review and approval prior to letting.
- D. If the Local Government is the responsible party, the State must concur with the low bidder selection before the Local Government can enter into a contract with the vendor.

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- E. If the Local Government is the responsible party, the State must review and approve change orders.
- F. Upon completion of the Project, the party responsible for constructing the Project will issue and sign a "Notification of Completion" acknowledging the Project's construction completion and submit certification(s) sealed by a professional engineer(s) licensed in the State of Texas.
- G. Upon completion of the Project, the party constructing the Project will issue and sign a "Notification of Completion" acknowledging the Project's construction completion.

14. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the state highway system after completion of the work if the work was on the state highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

15. Right of Way and Real Property (N/A)

16. Insurance

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

17. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

Local Government:	State:
City of Tomball ATTN: David Esquivel, PE, City Manager 401 Market Street Tomball, TX 77375	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11 th Street Austin, TX 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this Agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that

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notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

18. Legal Construction

If one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this Agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

19. Responsibilities of the Parties

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party, and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

20. Ownership of Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data and information prepared under this Agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State, in the format directed by the State, of photocopy reproduction on a monthly basis or as required by the State. The originals shall remain the property of the Local Government.

21. Compliance with Laws

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this Agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

22. Sole Agreement

This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

23. Procurement and Property Management Standards

The parties to this Agreement shall adhere to the procurement and property management standards established in the Texas Uniform Grant Management Standards.

24. Inspection of Books and Records

The parties to this Agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State and the Local Government, or their duly authorized representatives for review and inspection at its office during the Agreement period and for

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seven (7) years from the date of completion of work defined under this Agreement or until any impending litigation, or claims are resolved. Additionally, the State and the Local Government and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

25. Audit

Pursuant to Texas Government Code § 2262.154, the state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract. Acceptance of funds directly under the contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

26. Historically Underutilized Business (HUB) and Small Business Enterprise (SBE) Requirements

For projects with State funds and no federal funds, the Local Government will be required to follow the provisions of Texas Transportation Code §201.702 and 43 TAC §§9.354-9.355 (HUB) and §§9.314-9.315 (SBE). The Local Government must incorporate project goals approved by TxDOT into project documents before advertising for receipt of bids. Contractors must select HUBs and SBEs from TxDOT-approved or maintained sources. The Local Government will provide monthly updates of HUB/SBE (as appropriate) participation and report final accomplishments to TxDOT for credit to overall program goals.

For projects with no state or federal funds that are not on the state or federal highway systems, the Local Government should follow its own local or specific ordinances and procedures. Local Governments are encouraged to use HUBs and SBEs from TxDOT-approved or maintained sources. The Local Government must also report final HUB accomplishments to TxDOT for credit to overall program goals.

27. Debarment Certifications

If state funds are used, the parties are prohibited from making any award to any party that is debarred under the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter G, Rule §20.585 and the Texas Administrative Code, Title 43, Part 1, Chapter 9, Subchapter G.

28. Pertinent Non-Discrimination Authorities

During the performance of this Agreement, the Local Government, for itself, its assignees, and successors in interest agree to comply with the following nondiscrimination statutes and authorities; including but not limited to:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.

CSJ #	2941-02-056
CSJ #	
District #	12 – Houston
Code Chart 64 #	42900
Project Name	FM 2920

- B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects).
- C. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), as amended, (prohibits discrimination on the basis of sex).
- D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.) as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27.
- E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age).
- F. Airport and Airway Improvement Act of 1982, (49 U.S.C. Chapter 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex).
- G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not).
- H. Titles II and III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38.
- I. The Federal Aviation Administration’s Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex).
- J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.
- K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the parties must take reasonable steps to ensure that LEP persons have meaningful access to the programs (70 Fed. Reg. at 74087 to 74100).
- L. Title IX of the Education Amendments of 1972, as amended, which prohibits the parties from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

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29. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

Each party is signing this agreement on the date stated under that party's signature.

THE STATE OF TEXAS

THE LOCAL GOVERNMENT

Kenneth Stewart
Director of Contract Services
Texas Department of Transportation

David Esquivel
City Manager
City of Tomball

Date

Date

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District #	12 – Houston
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ATTACHMENT A
RESOLUTION, ORDINANCE, OR COMMISSIONERS COURT ORDER

CSJ #	2941-02-056
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ATTACHMENT B LOCATION MAP SHOWING PROJECT



CSJ #	2941-02-056
CSJ #	
District #	12 – Houston
Code Chart 64 #	42900
Project Name	FM 2920

ATTACHMENT C PROJECT BUDGET

The Local Government will be responsible for 100% of the Engineering.

The State will be responsible for 100% of the Environmental and all Direct State Costs and Indirect State Costs.

The State will be responsible for 100% of the Design Survey, ROW Mapping, and SUE including all Direct State Costs and Indirect State Costs.

Construction will be allocated based on Federal and State funding, based upon the percentages shown below, until the Federal funding reaches the maximum obligated amount.

The Local Government is responsible for 100% of project overruns for Engineering ONLY.

Description	Total Estimated Cost	Federal Participation Cost		State Participation Cost		Local Participation Cost	
Engineering (by Local Government)	\$ 2,160,000	0%		0%	\$ -	100%	\$ 2,160,000
Environmental (by State)	\$ 1,000,000	0%		100%	\$ 1,000,000	0%	
Construction (by State)	\$ 24,588,480	80%	\$ 19,670,784	20%	\$ 4,917,696		
Subtotal	\$ 27,748,480		\$ 19,670,784		\$ 5,917,696		\$ 2,160,000
Environmental Direct State Costs	\$ 10,000	0%	\$ -	100%	\$ 10,000	0%	\$ -
Right of Way Direct State Costs		0%	\$ -	100%	\$ -	0%	\$ -
Engineering Direct State Costs	\$ 75,000	0%	\$ -	100%	\$ 75,000	0%	\$ -
Utility Direct State Costs		0%	\$ -	100%	\$ -	0%	\$ -
Construction Direct State Costs	\$ 500,000	0%	\$ -	100%	\$ 500,000	0%	\$ -
Indirect State Costs	\$ 26,442	0%	\$ -	100%	\$ 26,442	0%	\$ -
TOTAL	\$ 28,359,922		\$ 19,670,784		\$ 6,529,138		\$ 2,160,000

Initial payment by the Local Government to the State: \$0

Payment by the Local Government to the State before construction: \$0

Estimated total payment by the Local Government to the State: \$0

This is an estimate. The final amount of Local Government participation will be based on actual costs.

**MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, DECEMBER 15, 2014

6:00 P.M.

1.0 Call to Order

The Council meeting was called to order at 6:00 p.m. by Mayor Fagan. Other members present:

Councilman Hudgens
Councilman Degges
Councilman Stoll
Councilman Townsend
Councilman Klein Quinn

Others present:

City Manager – George Shackelford
Assistant City Manager – Robert Hauck
City Secretary – Doris Speer
City Attorney – Loren Smith
Fire Chief – Randy Parr
Marketing Director – Mike Baxter
Community Development Director – Craig Meyers
City Engineer – Lori Lakatos
City Planner - Harold Ellis
Community Center Manager – Rosalie Dillon
Community Development Coordinator – Amelia Vasquez
Fire Marshal – Doug Sanguedolce
Community Events Coordinator – Denise Neef-Fiore
Executive Director-TEDC – Kelly Violette

2.0 The invocation was led by Kenny Rodgers, Anointed Faith Family Church

3.0 The pledges to U. S. and Texas Flags were led by Members of the Tomball High School Student Council.

4.0 No comments were received.

5.0 Presentations were made by Mayor Fagan to the ***Broussard Community Park Sponsors*** in recognition of their contributions of time, resources, labor, etc. to the construction day at Broussard Community Park.

6.0 Reports and Announcements:

- December 24-25, 2014 – Christmas Holiday – City Offices Closed; open Friday, December 26, 2014
- January 1, 2015 – New Year’s Day Holiday – City Offices Closed; open Friday, January 2, 2015
- ***Walk Tomball!*** – Every Saturday at **9:00 a.m.** at the Depot
- Reports by City staff and members of council about items of community interest on which no action will be taken:
 - Rosalie Dillon presented a report on the success of the City’s ***“Christmas on Commerce”***.
 - Denise Neef-Fiore presented a report on the success of the City’s ***“Lamp Post Decorating Contest”***.
 - Councilman Stoll requested consideration and possible action for the purchase of body cameras for Tomball police officers at a future Council meeting
 - Councilman Townsend requested City staff to provide information for Council consideration of methods to mitigate parking problems in the depot area during festivals and other City events, particularly visitors parking in private property owners’ front yards.

7.0 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to approve the Minutes of the December 1, 2014 Regular City Council Meeting.

Motion carried unanimously.

8.0 Old Business:

8.1 Motion was made by Councilman Hudgens, second by Councilman Stoll, to adopt, on Second Reading, Resolution No. 2014-29-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation’s Project to Expend Funds in accordance with an Economic Development Agreement by and between the Corporation and 2978 Panormus LP, to make direct incentives to, or expenditures for, assistance with infrastructure costs for the promotion of new or expanded business enterprise related to the construction of a multi-use project (Peck Station) on approximately 34.495 acres of land generally located at the northwest corner of FM 2978 and FM2920 in Tomball, Texas. Vote was as follows:

Councilman Hudgens Aye

Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 8.2 Motion was made by Councilman Stoll, second by Councilman Hudgens, to adopt, on Second Reading, Ordinance No. 2014-42, an Ordinance of the City of Tomball, Texas, Finding and Determining that the Public Convenience and Necessity no longer require the Continued Existence of a Certain Portion of a Gas Line Easement across a Certain 0.0125 Acre Tract of Land being out of and a part of the William Hurd Survey, A-378, Tomball, Harris County, Texas and being out of and a part of Commercial Reserve No. 7 of Tomball Parkway Plaza, the Map of which is recorded in Volume 331, Page 10 of the Map Records of Harris County, Texas, Located in the City of Tomball, Texas; Vacating, Abandoning, and Closing Said Portion of Such Gas Line Easement; Authorizing the City Manager to Execute and the City Secretary to Attest a Quitclaim Deed Quitclaiming the City's Interest in Said Abandoned Easement; and Containing Other Provisions Relating to the Subject. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

9.0 New Business

- 9.1 Motion was made by Councilman Townsend, second by Councilman Degges, to approve Tomball Art League Request for In-Kind Support of Two Annual Art Shows at the Tomball Community Center, to be Held Saturday, March 7, 2015 and Saturday, September 19, 2015
- 9.2 Consideration to Approve **ZONING CASE P14-227**: Request by Nancy Gomez, on behalf of Nancy Gomez Revocable Living Trust, for a Conditional Use Permit to operate a gymnastics school which is classified in Chapter 50 (Zoning) of the Tomball Code of Ordinances as a "Dance/Drama/Music School." The property is approximately 2.46 acres, is legally described as Tract 42B, Tomball Outlots, is generally located between Ulrich Road and Rudolph Road, north of East Hufsmith Road, and is located in the Single-Family Estate Residential-20 District

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-227** at 6:25 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:25 p.m.

- Motion was made by Councilman Townsend, second by Councilman Degges, to read Ordinance No. 2014-43 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Degges, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-43, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances by Granting a Conditional Use Permit (Cup) to Nancy Gomez Revocable Living Trust to Operate a “Dance/Drama/Music School;” Said Property Being Approximately 2.46 Acres, and Being Legally Described As Tract 42b, Tomball Outlots, Generally Located Between Ulrich Road and Rudolph Road, North of East Hufsmith Road; Providing Requirements and Conditions For This Cup; Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day Of Violation Of Any Provision Hereof, Making Findings Of Fact; and Providing For Other Related Matters. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.3 Consideration to Approve **ZONING CASE P14-232**: Request by Pamela Castelain to amend Chapter 50 (Zoning) of the Tomball Code of Ordinances by rezoning approximately 1.13 acres of land, legally described as Tract 7D-3, Abstract 34, Joseph House Survey, within the City of Tomball, Harris County, Texas, generally located south of Baker Drive, west of State Highway 249, from the Multifamily Residential District to the Commercial District.

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-232** at 6:31 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:31 p.m.

- Motion was made by Councilman Townsend, second by Councilman Stoll, to read Ordinance No. 2014-44 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Townsend, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-44, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code Of Ordinances By Changing The Zoning District Classification of Approximately 1.13 Acres of Land, Legally Described as Tract 7d-3, Abstract 34, Joseph House Survey, Within The City Of Tomball, Harris County, Texas, From The Multifamily Residential District to The Commercial District; Said Property Being Generally Located South of Baker Drive, West of State Highway 249; Providing For The Amendment of The Official Zoning Map of The City; Providing For Severability; Providing For a Penalty Of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing For Other Related Matters. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

9.4 Consideration to Approve **ZONING CASE P14-239**: Request by the City of Tomball to amend Section 50-82(b) (“Use Charts”) of the Tomball Code of Ordinances.

- Mayor Fagan opened the Public Hearing on **ZONING CASE P14-239** at 6:37 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:37 p.m.

- Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to read Ordinance No. 2014-45 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to adopt, on First Reading, Ordinance No. 2014-45, an Ordinance of the City Of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances By Amending Section 50-82(B) (“Use Charts”); Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; And Providing For Other Related Matters.

Motion to Amend was made by Councilman Townsend, second by Councilman Klein Quinn, to adopt, on First Reading, Ordinance No. 2014-45, an Ordinance of

the City Of Tomball, Texas, Amending Chapter 50 (Zoning) of The Tomball Code of Ordinances By Amending Section 50-82(B) (“Use Charts”); Providing For Severability; Providing For a Penalty of an Amount Not To Exceed \$2,000 For Each Day of Violation of Any Provision Hereof, Making Findings of Fact; And Providing For Other Related Matters, with the additional amendment to restrict Auto Parts Sales (new or rebuilt; with outside storage or display) and Tire Sales (outdoors, with outside storage) in the Old Town & Mixed Use (OT&MU) District. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion, as Amended, carried unanimously.

- 9.5 Motion was made by Councilman Townsend, second by Councilman Stoll, to authorize the City Manager to Execute the Grant Application for the Houston-Galveston Area Council (H-GAC) 2015 TIP Call for Projects for FM 2920 (Main Street) From Tomball Parkway (Business SH 249) to Willow Street.

Motion to Amend was made by Councilman Townsend, second by Councilman Stoll, to authorize the City Manager to Execute the Grant Application for the Houston-Galveston Area Council (H-GAC) 2015 TIP Call for Projects for FM 2920 (Main Street) From Tomball Parkway (Business SH 249) to Willow Street, and to authorize allocation of matching funds in the amount of \$3,000,000, for the proposed project.

Motion, as amended, carried unanimously.

- 9.6 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to ratify the Purchase of Real Property and Authorize City Manager to Execute Contract Assignment of Buyer’s Interest from Douglas E. Carter to the City of Tomball for Lots 1-6, Block 27, Elm Street in Tomball, Texas; Property Owned by Jason S. Fuselier and Lori K. Fuselier.

Motion carried unanimously.

- 9.7 Motion was made by Councilman Stoll, second by Councilman Klein Quinn, to ratify the Purchase of Real Property and Authorize City Manager to Execute the Contract Assignment of Buyer’s Interest from Douglas E. Carter to the City of Tomball for Lot 5, Block 26, 100 Florence Street, Tomball, Texas; property owned by Malinda R. Edmonds.

Motion carried unanimously.

- 9.8 Motion was made by Councilman Townsend, second by Councilman Degges, to approve Settlement Agreement and Release of All Claims between the City of Tomball, Texas, and Jana's Dirt, L.L.C.

Motion carried unanimously.

- 9.9 Motion was made by Councilman Stoll, second by Councilman Townsend, to read Ordinance No. 2014-47 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Klein Quinn, second by Councilman Stoll, to adopt, on First Reading, Ordinance No. 2014-47, an Ordinance of the City of Tomball, Texas, Finding and Determining that the Public Convenience and Necessity no longer require the Continued Existence of a Certain Portion of a Roadway Right-of-Way Designated Michel Road, Such Portion Containing 1.2748 Acres of Land Located in the Jesse Pruitt Survey, Abstract Number 629 and being out of Lot 172, Tomball Townsite, a Subdivision Recorded in Volume 2, Page 65 of the Map Records of Harris County, Texas and being out of a Residue of a 1.382 Acre Tract of Land Conveyed to the City of Tomball, Texas by Deed Recorded in the Harris County Clerk's Records File No. J819957, Film Code No. 002-64-1844 of the Official Public Records of Real Property of Harris County, Texas, Said Tract being more Particularly Described in Exhibit "A" Attached Hereto; Vacating, Abandoning, and Closing Said Portion of Such Road Right-of-Way; Authorizing the City Manager to Execute and the City Secretary to Attest a Special Warranty Deed Conveying the City's Interest in Said Abandoned Roadway Right-of-Way; and Containing Other Provisions Relating to the Subject. Vote was as follows:

Councilman Hudgens	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.10 Council recessed at 7:28 p.m. to meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):

- Sec. 551.072 – Deliberations Regarding Real Property

Upon reconvening in regular session at 7:48 p.m., no action was taken.

10.0 Motion was made by Councilman Townsend, second by Councilman Stoll, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this the 5th day of January 2015.

Doris Speer
Doris Speer, TRMC, CMC
City Secretary

Gretchen Fagan
Gretchen Fagan
Mayor



P. O. Box 1386 | HOUSTON, TEXAS 77251-1386 | (713) 802-5300 | WWW.TXDOT.GOV

December 3, 2014

Mr. Alan Clark
MPO Director
Houston-Galveston Area Council
P.O. Box 22777
Houston, TX 77027

Subject: FM 2920 Access Management Funding in 2015 Call for Projects

Dear Mr. Clark:

The Texas Department of Transportation (TxDOT) supports the City of Tomball's application for federal funding for the access management improvements to FM 2920 through the City of Tomball in the 2015 Call for Projects. The proposed improvements would ease congestion and reduce crashes on FM 2920 as outlined in the FM 2920 Access Management study performed by the Houston-Galveston Area Council.

In addition, should the project receive funding, TxDOT will commit to match 20 percent of the total cost of the project and to completing engineering and environmental.

Thank you for your attention and consideration in this matter. Please contact Mr. Andrew Mao, P.E., at (713) 802-5301 if you have further questions.

Sincerely,

Michael W. Alford, P.E.
District Engineer
Houston District

Cc: The Honorable Gretchen Fagan, Mayor (City of Tomball)
George Shackelford, City Manager (City of Tomball)
David Wurdlow (H-GAC)

City Council Meeting Agenda Item Data Sheet

Meeting Date: March 7, 2022

Topic:

Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):

Sec. 551.071 – Consultation with the City Attorney regarding a matter which the Attorney’s duty requires to be discussed in closed session

Sec. 551.074 - Personnel Matters: Deliberation of the Appointment, Employment, and Duties of a Public Officer or Employee – Police Department Personnel

Background:

Origination: David Esquivel, City Manager

Recommendation:

Party(ies) responsible for placing this item on agenda: David Esquivel, City Manager

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	<u>Doris Speer</u>	<u>3-1-2022</u>	Approved by	_____
	Staff Member	Date		City Manager Date