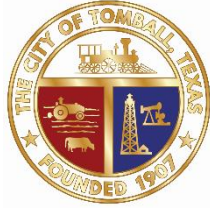


**NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



**Monday, January 20, 2025
6:00 PM**

Notice is hereby given of a Regular meeting of the Tomball City Council, to be held on Monday, January 20, 2025 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 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: 872 1660 3047 Passcode: 920411. 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 Chaplain Earl Detwiler, Colonial Hills Bible Chapel.
- 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

L Upcoming Events:

January 25, 2025 – Harris County Sheriff's Office Junior Mounted Posse
Relay Ride 9:00 a.m. to 10:00 a.m. @ Tomball Depot Plaza

February 13, 2025 – Kaffeeklatsch 8:30 a.m. to 10:00 a.m. @ Tomball Community Center Room

February 25, 2025 – Sam Houston Trail Riders Annual Reception noon to 2 p.m. @ Tomball Depot Plaza

II. 2024 Employee of the Year – Dewayne Osgood, Gas Foreman

F. New Business Consent Agenda: *[All matters listed under Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, the item in question will be removed from the Consent Agenda and will be considered separately. Information concerning Consent Agenda items is available for public review.]*

1. Approve Minutes of January 6, 2025, Special and Regular City Council meetings and the January 13, 2025, Special City Council meeting.
2. Approve the expenditure of greater than \$50,000 with Tyler Technologies for ERP, Utility Billing, Municipal Court, and other software services, hosting and supporting (ERP Pro 10) City operations totaling \$198,751.26, increasing the total not-to-exceed amount to \$562,703.26, approve the expenditure of funds thereof, and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the FY 2024-2025 budget.
3. Approve the expenditure of greater than \$50,000 with Insight Public Sector, Inc. for Microsoft 365, Adobe, and SysAid software products and licensing services for a total not-to-exceed amount of \$75,170.00, approve the expenditure of funds thereof and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the FY 2024-2025 budget.
4. Approve a contract with Pate Garver, LP for the construction of Phase I of the FM 2920 Lift Station Consolidation Project (Project No. 2019-10008), for a not-to-exceed amount of \$5,384,286.50 (Bid No. 2025-04), authorize the expenditure of funds therefor, and authorize the City Manager to execute any and all documents. The expenditure was included in the Fiscal Year 2024-2025 Budget as part of the 2025-2029 Capital Improvement Plan.
5. Adopt Resolution Number 2025-01, a Resolution Approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve Public Improvement District Number 10, Improvement Area #3).
6. Approve a services agreement renewal with Source Point Solutions, LLC to provide vector services and regular maintenance of sewer components for a total

not-to-exceed amount of \$160,000, approve the expenditure of funds therefor, and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the Fiscal Year 2024-2025 Budget.

G. New Business

1. 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. 551.072 – Deliberations regarding Real Property

H. Adjournment

C E R T I F I C A T I O N

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 17th day of January 2025 by 5:00 PM, and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Tracylynn Garcia, TRMC, MMC, CPM
City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodation or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary’s office at (281) 290-1019 for further information.

City Council Meeting Agenda Item Data Sheet

Meeting Date: January 20, 2025

Topic:

Upcoming Events:

- January 25, 2025 – Harris County Sheriff's Office Junior Mounted Posse Relay Ride 9:00 a.m. to 10:00 a.m. @ Tomball Depot Plaza
- February 13, 2025 – Kaffeeklatsch 8:30 a.m. to 10:00 a.m. @ Tomball Community Center Room
- February 25, 2025 – Sam Houston Trail Riders Annual Reception noon to 2 p.m. @ Tomball Depot Plaza

Background:

Origination: Marketing Department

Recommendation:

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

Chrislord Templonuevo, Marketing 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: January 17, 2025

Topic:

2024 Employee of the Year – Dewayne Osgood, Gas Foreman

Background:

Origination:

Recommendation:

Approval

Party(ies) responsible for placing this item on agenda: Kristie Lewis, HR 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 _____ Approved by _____
Staff Member Date City Manager Date

City Council Meeting Agenda Item Data Sheet

Meeting Date: January 20, 2025

Topic:

Approve Minutes of January 6, 2025, Special and Regular City Council meetings and the January 13, 2025, Special Council meeting.

Background:

Origination: City Secretary Office

Recommendation:

Approve Minutes

Party(ies) responsible for placing this item on agenda: Tracylynn Garcia, City Secretary

FUNDING (IF APPLICABLE)

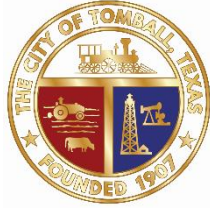
Are funds specifically designated in the current budget for the full amount required for this purpose?

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

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

Signed _____ Approved by _____
Staff Member Date City Manager Date

**MINUTES OF SPECIAL CITY COUNCIL - WORKSHOP
CITY OF TOMBALL, TEXAS**



**Monday, January 06, 2025
5:00 PM**

- A. Mayor L. Klein-Quinn called the meeting of the City of Tomball Council to order at 5:00 P.M.

PRESENT

Council 1 John Ford
Council 2 Paul Garcia
Council 3 Dane Dunagin
Council 4 Lisa Covington
Council 5 Randy Parr

OTHERS PRESENT

City Manager - David Esquivel
Assistant City Manager - Jessica Rogers
City Secretary - Tracylynn Garcia
City Attorney – Tom Ramsey Jr.
Director of Community Development - Craig Meyers
Human Resources Director - Kristie Lewis
Fire Chief - Joe Sykora
Police Chief - Jeff Bert
Finance Director - Bragg Farmer
Public Works Director - Drew Huffman
IT Director - Tom Wilson
Director of Marketing & Tourism - Chrislord Templonuevo
Director of Special Projects - Luisa Taylor
Project Manager - Meagan Mageo

- B. 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.]*

Millie Theis Martin
13319 Spring Hollow

-

trees in Tomball article

Tomball, 77375

C. General Discussion

1. Presentation and discussion regarding the Current (2019) Future Land Use Map and proposed changes in the Draft Future Land Use Map.
2. Adopt on First Reading, Ordinance No. 2024-42, an Ordinance of the City of Tomball, Texas adding Section 44-67, Article 3, Operation of vehicles, engine brake prohibited, prohibiting the use of motor engine brakes (also known as “Jake Brakes”) within the City limits; containing findings and other provisions relating to the subject; declaring certain conduct to be unlawful; providing a penalty in an amount not to exceed \$2,000.00 for each violation of this Ordinance with every day constituting a new violation; providing for severability; providing for publication; and providing an effective date.

D. Proposed January 20, 2025, Agenda Items

3. Adopt Resolution Number 2025-01, a Resolution Approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Number 10, Improvement Area #3).

E. Future Workshop Items

4. Discuss amendments to Council reimbursement policy.
5. Discuss Council ethics policy.
6. Discuss Council Rules & Procedures

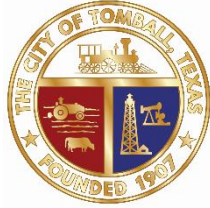
F. Meeting adjourned at 5:55 P.M.

PASSED AND APPROVED this 20th day of January 2025.

Tracylynn Garcia
City Secretary, TRMC, MMC, CPM

Lori Klein Quinn
Mayor

**MINUTES OF REGULAR CITY COUNCIL
CITY OF TOMBALL, TEXAS**



**Monday, January 06, 2025
6:00 PM**

- A. Mayor L. Klein-Quinn called the meeting of the City of Tomball Council to order at 6:00 P.M.

PRESENT

Council 1 John Ford
Council 2 Paul Garcia
Council 3 Dane Dunagin
Council 4 Lisa Covington
Council 5 Randy Parr

OTHERS PRESENT

City Manager - David Esquivel
Assistant City Manager - Jessica Rogers
City Secretary - Tracylynn Garcia
City Attorney – Tom Ramsey Jr.
Director of Community Development - Craig Meyers
Human Resources Director - Kristie Lewis
Fire Chief - Joe Sykora
Police Chief - Jeff Bert
Finance Director - Bragg Farmer
Public Works Director - Drew Huffman
IT Director - Tom Wilson
Director of Marketing & Tourism - Chrislord Templonuevo
Director of Special Projects - Luisa Taylor
Project Manager - Meagan Mageo

- B. Invocation - Led by Justin Warner with Real Life Ministries
- C. Pledges to U.S. and Texas Flags Tom Ramsey Jr, Olson & Olson llp.
- 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.]

Collen Pye - development in Tomball
207 Florence
Tomball, Texas 77375

E. Presentations

1. Presentation of the launch of the “Tomball” book from Jana Hogland, and Kyla Bayang, Lone Star College Tomball

F. Reports and Announcements

1. Announcements

I. Upcoming Events:

January 9, 2025 – Kaffeeklatsch 8:30 a.m. to 10:00 a.m. @ Tomball Community Center Room A

January 11, 2025 – “Tomball” book launch 10:30 am to 12 pm @ Tomball Community Library

January 25, 2025 – Harris County Sheriff's Office Junior Mounted Posse Relay Ride 9:00 a.m. to 10:00 a.m. @ Tomball Depot Plaza

G. Old Business Consent Agenda: *[All matters listed under Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, the item in question will be removed from the Consent Agenda and will be considered separately. Information concerning Consent Agenda items is available for public review.]*

1. Adopt, on Second Reading, Ordinance No. 2024-38, an Ordinance of the City of Tomball, Texas amending its Code of Ordinances by amending Chapter 18, Environment, by adding a new Article XI, Tree preservation; providing for a penalty of an amount not to exceed \$2,000 for each day of violation of any provision hereof; providing for severability, making findings of fact; and providing for other related matters

2. Adopt, on Second Reading, Ordinance No. 2024-40, 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 a 1.800-acre tract of land situated in the John M. Hooper Survey, Abstract No. 375 from the Agricultural (AG) zoning district to the Commercial (C) zoning district. The property is located at 14615 FM 2920, within the City of Tomball, Harris County, Texas; 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.
3. Adopt, on Second Reading, Ordinance No. 2024-41, an Ordinance of the City of Tomball, Texas amending its Code of Ordinances by amending Chapter 10- Buildings and Building Regulations, by repealing Article I. - In general, Article II. – Building code, Article III. – Residential code, Article IV. – Air conditioning and mechanical work, Article V. – Electricity; and Article VI. – Plumbing and gas and replacing with a new Article 1 – In general; providing for a penalty of an amount not to exceed \$2,000 for each day of violation of any provision hereof; providing for severability, making findings of fact; and providing for other related matters.
4. Adopt on Second Reading, Ordinance No. 2024-43, an Ordinance Amending The Code Of Ordinances Of The City Of Tomball, Texas, By Adopting The International Fire Code, 2021 Edition; By Amending Section 20-25, International Fire Code Adopted, Article II, Fire Code, Of Chapter 20, Fire Prevention And Protection; By Deleting And Replacing Section 20-28 Of Article II, Fire Code; Providing For Penalty In An Amount Not To Exceed \$2,000.00 Per Day For Violation Of Any Provision Hereof, With Each Day Constituting A Separate Offense; Providing A Repealer; Providing For Severability; And Making Other Findings Related Thereto.

Motion made by Council 3 Dunagin, Seconded by Council 4 Covington.

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington, Council 5 Parr

Motion carried unanimously.

- H. New Business Consent Agenda: *[All matters listed under Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, the item in question will be removed from the Consent Agenda and will be considered separately. Information concerning Consent Agenda items is available for public review.]*
1. Approve Minutes of the December 16, 2024, Special and Regular City Council meetings.

2. Approve Resolution No. 2025-02, a Resolution of the City Council of the City of Tomball, Texas, Designating The Potpourri, Tomball Edition (Houston Community Newspapers/Houston Chronicle) as the Official Newspaper for 2025 for Publication of Matters Pertaining to the City of Tomball.
3. Consideration and possible action regarding approval of General and No Litigation Certificate with the City of Tomball for bonds for the Southeast Texas Housing Finance Corporation.
4. Approve an expenditure of greater than \$50,000 with Waypoint Solutions for a managed detection and response solution, phone hardware and software, data storage and consulting services, for a total not-to-exceed amount of \$87,602.09, approve the expenditure of funds thereof, and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the FY 2024-2025 budget.
5. Approve a Professional Services Agreement with AtkinsRéalis USA, Inc. for the Texas Pollutant Discharge Elimination System (TPDES) permit support (Contract No. 0000-10040), for a not-to-exceed amount of \$50,573.97, authorize the expenditure of funds therefor, and authorize the City Manager to execute any and all documents. The expenditure was included in the Fiscal Year 2024-2025 Budget.

Motion made by Council 1 Ford, Seconded by Council 5 Parr.

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington, Council 5 Parr

Motion carried unanimously.

I. New Business

1. Consideration and discussion regarding appointment/reappointment to the Tourism Advisory Committee.

Candidates Eric Berger and Larissa Roberts introduced themselves to Council.

Motion made by Council 5 Parr, Seconded by Council 3 Dunagin to appoint L. Roberts to Resident Position 1, Angie Johnson to Resident Position 2 and Eric Berger to Business Position 6

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington, Council 5 Parr

Motion carried unanimously.

2. Designate a City of Tomball Council Representative and an Alternate to the Houston-Galveston Area Council 2025 General Assembly.

Motion made by Council 1 Ford, Seconded by Council 4 Covington to appoint Mayor Quinn as representative and Councilman 5 Parr as an Alternate.

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington, Council 5 Parr

Motion carried unanimously.

3. 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. 551.072 – Deliberations regarding Real Property

Sec. 551.076 – Deliberation regarding Security Devices

- Executive Session Started: 6:38 PM
- Executive Session Ended: 7:39 PM

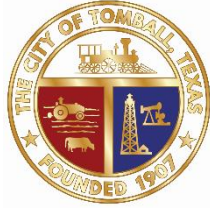
J. Meeting adjourned at 7:39 p.m.

PASSED AND APPROVED this 20th day of January 2025.

Tracylynn Garcia
City Secretary, TRMC, MMC, CPM

Lori Klein Quinn
Mayor

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



**Monday, January 13, 2025
5:00 PM**

- A. Mayor L. Klein-Quinn called the meeting of the City of Tomball Council to order at 5:00 P.M.

PRESENT

Council 1 John Ford
Council 2 Paul Garcia
Council 3 Dane Dunagin
Council 4 Lisa Covington

ABSENT:

Council 5 Randy Parr

OTHERS PRESENT

City Manager - David Esquivel
Assistant City Manager - Jessica Rogers
City Secretary - Tracylynn Garcia
City Attorney – Scott Bounds
Director of Community Development - Craig Meyers
Human Resources Director - Kristie Lewis
Police Chief - Jeff Bert
Finance Director - Bragg Farmer
Public Works Director - Drew Huffman
IT Director - Tom Wilson
Director of Marketing & Tourism - Chrislord Templonuevo
Director of Special Projects - Luisa Taylor
Project Manager - Meagan Mageo
Tomball Police Officer – B. Smith

- B. 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.]*

No public comments were received.

C. New Business

1. Discussion, direction, and possible action regarding the City of Tomball's legislative priorities during the 89th Session of the Texas Legislature.

Motion made by Council 4 Covington, Seconded by Council 3 Dunagin.

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington.

Motion carried unanimously.

2. 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. 551.072 – Deliberations regarding Real Property

- Executive Session Started: 5:16 PM
- Executive Session Ended: 6:15 PM

- 1.1 Presentation, discussion and possible action to ratify the contracts to purchase the properties located at 819, 823, 825 and 831 Village Square Drive.

Motion made by Council 1 Ford, Seconded by Council 2 Garcia.

Voting Yea: Council 1 Ford, Council 2 Garcia, Council 3 Dunagin, Council 4 Covington.

Motion carried unanimously.

D. Meeting adjourned at 6:18 p.m.

PASSED AND APPROVED this 20th day of January 2025.

Tracylynn Garcia
City Secretary, TRMC, MMC, CPM

Lori Klein Quinn
Mayor

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 20, 2025

Topic:

Approve the expenditure of greater than \$50,000 with Tyler Technologies for ERP, Utility Billing, Municipal Court, and other software services, hosting and supporting (ERP Pro 10) City operations totaling \$198,751.26, increasing the total not-to-exceed amount to \$562,703.26, approve the expenditure of funds thereof, and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the FY 2024-2025 budget.

Background:

Tyler Technologies is the software provider for the City’s ERP system, ERP Pro 10. This system is used to manage the City’s financials, accounts payable, budget, utility billing, human resources, payroll, accounts receivable and payment processing functions. In addition, the Tomball Municipal Court uses the Tyler Technologies Municipal Justice system for Court operations and payment processing. This agenda item is to approve the expenditure of up to \$198,751.26 for services provided by Tyler Technologies related to the City’s current software services. This includes software as a service (SaaS) fees, hosting, and support.

Council previously approved an expenditure of \$363,952.00 with Tyler Technologies for the City’s computer aided dispatch system in November 2024. If approved, the total annual not-to-exceed amount with Tyler Technologies would increase to \$562,703.26 for FY 2025.

Planned Expenditures		
Service	Budgeted	Expenditure
ERP Pro Annual Renewal – SaaS Fees	\$126,000.00	\$123,751.26
Utility Billing Insite Fees	\$60,000.00	\$60,000.00
Consulting/Training/Go Live (Contingency)	\$80,000.00	\$15,000.00
Expenditure Subtotal		\$198,751.26
Previously Approved Expenditures		
Computer Aided Dispatch Software	\$365,000.00	\$363,952.00
Total Vendor Spend		\$562,703.26

These expenditures were allocated in the FY 2024-2025 budget and are integral to maintaining the City’s operational and technological needs across multiple departments.

Origination: Information Technology Department

Recommendation:

Staff recommends the approval of the proposed expenditure of \$562,703.26 for Tyler Technologies services.

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

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: #100-117-6230; 600-612-
6329

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

To Account: # _____

Signed: Tom Wilson **Approved by:** _____
Staff Member Date City Manager Date



SOFTWARE AS A SERVICE AGREEMENT

This Software as a Service Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to provide certain products and services set forth in the Investment Summary, including providing Client with access to Tyler's proprietary software products, and Tyler desires to provide such products and services under the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

- **“Agreement”** means this Software as a Service Agreement.
- **“Business Travel Policy”** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **“Client”** means the City of Tomball, Texas.
- **“Data”** means your data necessary to utilize the Tyler Software.
- **“Data Storage Capacity”** means the contracted amount of storage capacity for your Data identified in the Investment Summary.
- **“Defect”** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **“Defined Users”** means the number of users that are authorized to use the SaaS Services. The Defined Users for the Agreement are as identified in the Investment Summary. If Exhibit A contains Enterprise Permitting & Licensing labeled software, defined users mean the maximum number of named users that are authorized to use the Enterprise Permitting & Licensing labeled modules as indicated in the Investment Summary.
- **“Developer”** means a third party who owns the intellectual property rights to Third Party Software.
- **“Documentation”** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **“Effective Date”** means the date by which both your and our authorized representatives have signed the Agreement.
- **“Force Majeure”** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.
- **“Investment Summary”** means the agreed upon cost proposal for the products and services attached as Exhibit A.

- **“Invoicing and Payment Policy”** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **“Order Form”** means an ordering document that includes a quote or investment summary and specifying the items to be provided by Tyler to Client, including any addenda and supplements thereto.
- **“SaaS Fees”** means the fees for the SaaS Services identified in the Investment Summary.
- **“SaaS Services”** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **“SLA”** means the service level agreement. A copy of our current SLA is attached hereto as Exhibit C.
- **“Support Call Process”** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **“Third Party Hardware”** means the third party hardware, if any, identified in the Investment Summary.
- **“Third Party Products”** means the Third Party Software and Third Party Hardware.
- **“Third Party SaaS Services”** means software as a service provided by a third party, if any, identified in the Investment Summary.
- **“Third Party Services”** means the third party services, if any, identified in the Investment Summary.
- **“Third Party Software”** means the third party software, if any, identified in the Investment Summary.
- **“Third Party Terms”** means, if any, the end user license agreement(s) or similar terms for the Third Party Products or other parties’ products or services, as applicable.
- **“Tyler”** means Tyler Technologies, Inc., a Delaware corporation.
- **“Tyler Software”** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Agreement.
- **“we”, “us”, “our”** and similar terms mean Tyler.
- **“you”** and similar terms mean Client.

SECTION B – SAAS SERVICES

1. Rights Granted. We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software, as further described in Section C(9). The foregoing notwithstanding, to the extent we have sold you perpetual licenses for Tyler Software, if and listed in the Investment Summary, for which you are receiving SaaS Services, your rights to use such Tyler Software are perpetual, subject to the terms and conditions of this Agreement including, without limitation, Section B(4). We will make any such software available to you for download.

2. SaaS Fees. You agree to pay us the SaaS Fees. Those amounts are payable in accordance with our Invoicing and Payment Policy. The SaaS Fees are based on the number of Defined Users and amount of Data Storage Capacity. You may add additional users or additional data storage capacity on the terms set forth in Section H(1). In the event you regularly and/or meaningfully exceed the Defined Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s).
3. Ownership.
 - 3.1 We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Agreement. You do not acquire under this Agreement any license to use the Tyler Software in excess of the scope and/or duration of the SaaS Services.
 - 3.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.
 - 3.3 You retain all ownership and intellectual property rights to the Data. You expressly recognize that except to the extent necessary to carry out our obligations contained in this Agreement, we do not create or endorse any Data used in connection with the SaaS Services.
4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or Documentation available to any third party other than as expressly permitted by this Agreement.
5. Software Warranty. We warrant that the Tyler Software will perform without Defects during the term of this Agreement. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect in accordance with the maintenance and support process set forth in Section C(9), below, the SLA and our then current Support Call Process.
6. SaaS Services.
 - 6.1 Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 18. We have attained, and will maintain, SOC 1 and SOC 2 compliance, or its equivalent, for so long as you are timely paying for SaaS Services. The scope of audit coverage varies for some Tyler Software solutions. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a summary of our compliance report(s) or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information. If our SaaS Services are provided using a 3rd party data center, we will provide available compliance reports for that data center.

- 6.2 You will be hosted on shared hardware in a Tyler data center or in a third-party data center. In either event, databases containing your Data will be dedicated to you and inaccessible to our other customers.
- 6.3 Our Tyler data centers have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event of a data center failure, we reserve the right to employ our disaster recovery plan for resumption of the SaaS Services. In that event, we commit to a Recovery Point Objective (“RPO”) of 24 hours and a Recovery Time Objective (“RTO”) of 24 hours. RPO represents the maximum duration of time between the most recent recoverable copy of your hosted Data and subsequent data center failure. RTO represents the maximum duration of time following data center failure within which your access to the Tyler Software must be restored.
- 6.4 We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.
- 6.5 We test our disaster recovery plan on an annual basis. Our standard test is not client-specific. Should you request a client-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.
- 6.6 We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned Data.
- 6.7 We provide secure Data transmission paths between each of your workstations and our servers.
- 6.8 Tyler data centers are accessible only by authorized personnel with a unique key entry. All other visitors to Tyler data centers must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.
- 6.9 Where applicable with respect to our applications that take or process card payment data, we are responsible for the security of cardholder data that we possess, including functions relating to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. We agree to supply the current status of our PCI DSS compliance program in the form of an official

Attestation of Compliance, which can be found at <https://www.tylertech.com/about-us/compliance>, and in the event of any change in our status, will comply with applicable notice requirements.

SECTION C – PROFESSIONAL SERVICES

1. Professional Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in the Statement of Work.
2. Professional Services Fees. You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.
3. Additional Services. The Investment Summary contains, and the Statement of Work describes, the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.
4. Cancellation. If travel is required, we will make all reasonable efforts to schedule travel for our personnel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.
5. Services Warranty. We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.
6. Site Access and Requirements. At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us.
7. Background Checks. For at least the past twelve (12) years, all of our employees have undergone criminal background checks prior to hire. All employees sign our confidentiality agreement and security policies.
8. Client Assistance. You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project

deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).

9. Maintenance and Support. For so long as you timely pay your SaaS Fees according to the Invoicing and Payment Policy, then in addition to the terms set forth in the SLA and the Support Call Process, we will:

9.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (subject to any applicable release life cycle policy);

9.2 provide support during our established support hours;

9.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;

9.4 make available to you all releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and

9.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with any applicable release life cycle policy.

We will use all reasonable efforts to perform support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain your VPN for backup connectivity purposes.

For the avoidance of doubt, SaaS Fees do not include the following services: (a) onsite support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (b) application design; (c) other consulting services; or (d) support outside our normal business hours as listed in our then-current Support Call Process. Requested services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

SECTION D – THIRD PARTY PRODUCTS

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
2. Third Party Software. As part of the SaaS Services, you will receive access to the Third Party Software and related documentation for internal business purposes only. Your rights to the Third Party Software will be governed by the Third Party Terms.
3. Third Party Products Warranties.
 - 3.1 We are authorized by each Developer to grant access to the Third Party Software.
 - 3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.
 - 3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.
4. Third Party Services. If you have purchased Third Party Services, those services will be provided independent of Tyler by such third-party at the rates set forth in the Investment Summary and in accordance with our Invoicing and Payment Policy.

SECTION E - INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you the SaaS Fees and fees for other professional services in the Investment Summary per our Invoicing and Payment Policy, subject to Section E(2).
2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all SaaS Services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within fifteen (15) days of notice of our intent to do so.

SECTION F – TERM AND TERMINATION

1. Term. The initial term of this Agreement is equal to the number of years indicated for SaaS Services in Exhibit A, commencing on the first day of the first month following the date Tyler makes the SaaS environment available to you, unless earlier terminated as set forth below. If no duration is indicated in Exhibit A, the initial term is one (1) year. Upon expiration of the initial term, this Agreement will renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Agreement.
2. Termination. This Agreement may be terminated as set forth below. In the event of termination, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than your termination for cause must have been submitted as invoice disputes in accordance with Section E(2).
 - 2.1 Failure to Pay SaaS Fees. You acknowledge that continued access to the SaaS Services is contingent upon your timely payment of SaaS Fees. If you fail to timely pay the SaaS Fees, we may discontinue the SaaS Services and deny your access to the Tyler Software. We may also terminate this Agreement if you don't cure such failure to pay within forty-five (45) days of receiving written notice of our intent to terminate.
 - 2.2 For Cause. If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section H(3). You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section H(3).
 - 2.3 Force Majeure. Either party has the right to terminate this Agreement if a Force Majeure event suspends performance of the SaaS Services for a period of forty-five (45) days or more.
 - 2.4 Lack of Appropriations. If you should not appropriate or otherwise make available funds sufficient to utilize the SaaS Services, you may unilaterally terminate this Agreement upon thirty (30) days written notice to us. You will not be entitled to a refund or offset of previously paid, but unused SaaS Fees. You agree not to use termination for lack of appropriations as a substitute for termination for convenience.

SECTION G – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. Intellectual Property Infringement Indemnification.
 - 1.1 We will defend you against any third party claim(s) that the Tyler Software or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

- 1.2 Our obligations under this Section G(1) will not apply to the extent the claim or adverse final judgment is based on your use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties, or your willful infringement.
- 1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Agreement.
- 1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

- 2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent caused by our negligence or willful misconduct; or (b) our violation of PCI-DSS requirements or a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.
- 2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CLIENT UNDERSTANDS AND AGREES THAT TYLER DISCLAIMS ANY LIABILITY FOR ERRORS THAT RELATE TO USER ERROR.**
4. **LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO**

YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) DURING THE INITIAL TERM, AS SET FORTH IN SECTION F(1), TOTAL FEES PAID AS OF THE TIME OF THE CLAIM; OR (B) DURING ANY RENEWAL TERM, THE THEN-CURRENT ANNUAL SAAS FEES PAYABLE IN THAT RENEWAL TERM. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THE EXCLUSION OF CERTAIN DAMAGES, AND EACH SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OF ANY REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS G(1) AND G(2).

5. **EXCLUSION OF CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

6. Insurance. During the course of performing services under this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least \$5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of certificates of insurance upon your written request.

SECTION H – GENERAL TERMS AND CONDITIONS

1. Additional Products and Services. You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.

2. Optional Items. Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.

3. Dispute Resolution. You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.

4. Taxes. The fees in the Investment Summary do not include any taxes, including, without limitation, sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. Otherwise, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.
5. Nondiscrimination. We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.
6. E-Verify. We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.
7. Subcontractors. We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.
8. Binding Effect; No Assignment. This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.
9. Force Majeure. Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.
10. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.
11. Entire Agreement; Amendment. This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase orders submitted by you, if any, are for your internal administrative purposes only, and the terms and conditions contained in those purchase orders will have no force or effect. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.

12. Severability. If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.
13. No Waiver. In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.
14. Independent Contractor. We are an independent contractor for all purposes under this Agreement.
15. Notices. All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.
16. Client Lists. You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.
17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (*e.g.*, social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:
 - (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
 - (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
 - (c) a party receives from a third party who has a right to disclose it to the receiving party; or
 - (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.

18. Quarantining of Client Data. Some services provided by Tyler require us to be in possession of your Data. In the event we detect malware or other conditions associated with your Data that are reasonably suspected of putting Tyler resources or other Tyler clients' data at risk, we reserve the absolute right to move your Data from its location within a multi-tenancy Tyler hosted environment to an isolated "quarantined" environment without advance notice. Your Data will remain in such quarantine for a period of at least six (6) months during which time we will review the Data, and all traffic associated with the Data, for signs of malware or other similar issues. If no issues are detected through such reviews during the six (6) month period of quarantine, we will coordinate with you the restoration of your Data to a non-quarantined environment. In the event your Data must remain in quarantine beyond this six (6) month period through no fault of Tyler's, we reserve the right to require payment of additional fees for the extended duration of quarantine. We will provide an estimate of what those costs will be upon your request.

19. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.

20. Governing Law. This Agreement will be governed by and construed in accordance with the laws of your state of domicile, without regard to its rules on conflicts of law.

21. Multiple Originals and Authorized Signatures. This Agreement may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.

22. Cooperative Procurement. To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.

23. Data & Insights Solution Terms. Your use of certain Tyler solutions includes Tyler's Data & Insights data platform. Your rights, and the rights of any of your end users, to use Tyler's Data & Insights data platform is subject to the Data & Insights SaaS Services Terms of Service, available at <https://www.tylertech.com/terms/data-insights-saas-services-terms-of-service>. By signing a Tyler Agreement or Order Form, or accessing, installing, or using any of the Tyler solutions listed at the linked terms, you certify that you have reviewed, understand, and agree to said terms.

24. Contract Documents. This Agreement includes the following exhibits:

- | | |
|-----------|------------------------------------|
| Exhibit A | Investment Summary |
| Exhibit B | Invoicing and Payment Policy |
| | Schedule 1: Business Travel Policy |
| Exhibit C | Service Level Agreement |
| | Schedule 1: Support Call Process |

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

Tyler Technologies, Inc.

By: Rob Kennedy-Jensen

Name: Rob Kennedy-Jensen

Title: Group General Counsel

Date: January 6, 2023

Address for Notices:

Tyler Technologies, Inc.
One Tyler Drive
Yarmouth, ME 04096
Attention: Chief Legal Officer

City of Tomball, TX

By: David Esquivel

Name: David Esquivel

Title: City Manager

Date: 01/06/23

Address for Notices:

City of Tomball
401 Market Street; Suite C
Tomball, TX 77375
Attention: Doug Tippey



Exhibit A Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date, despite any expiration date in the Investment Summary that may have lapsed as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement. In the event of conflict between the Agreement and terms in the Comments section of this Investment Summary, the language in the Agreement will prevail.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Quoted By:
 Quote Expiration:
 Quote Name:

DK Robertson
 07/03/23
 SaaS Flip



Sales Quotation For:
 City of Tomball
 401 Market St Ste C
 Tomball TX 77375-4697
 Doug Tippey
 +1 (281) 290-1407
 dtippey@tomballtx.gov

Tyler Annual Software – SaaS

Description	Annual
ERP Pro powered by Incode	
ERP Pro 10 Financial Management Suite	
Core Financials	\$ 20,054
Applicant Tracking Interface	\$ 0
Electronic Time Clock Interface	\$ 667
Fixed Assets	\$ 1,964
Inventory Control	\$ 3,606
Human Resources Management (Includes Position Budgeting)	\$ 9,454
Employee Access Pro	\$ 0

Project Accounting	\$ 3,935
Purchasing	\$ 5,156
Accounts Receivable	\$ 3,435
ERP Pro 9 Financial Management Suite	
Work Orders	\$ 4,558
ERP Pro 10 Customer Relationship Management Suite	
Utility Billing Water/Gas	\$ 14,432
Additional Handheld Meter-Reader Interface	\$ 933
Cashiering	\$ 4,327
Meter Data Sync with Scheduler	\$ 3,815
Third-Party Printing Interface	\$ 3,693
ERP Pro 9 Customer Relationship Management Suite	
Additional Handheld Meter-Reader Interface	\$ 1,211
Call Center	\$ 3,959
Building Projects	\$ 2,378
Municipal Justice 9 Suite	
Civil Case Manager	\$ 2,834
Municipal Justice powered by Incode	
Municipal Justice 9 Suite	
Collection Agency Export Interface	\$ 1,322
Criminal Case Manager	\$ 10,485
Citation Issuing Device Third-Party Interface	\$ 2,385
Court to Police Third-Party Interface	\$ 2,448
Tyler One	
Content Manager Suite	
Core	\$ 3,426

TOTAL:

\$ 110,477

Summary

Total SaaS

Total Tyler Services

Summary Total

Contract Total

One Time Fees

\$ 0

\$ 110,477

Recurring Fees

\$ 110,477

\$ 110,477

Comments

2023-379229-F6C1C9

- Work will be delivered remotely unless otherwise noted in this agreement.
- Expenses associated with onsite services are invoiced as incurred according to Tyler's standard business travel policy.

SaaS is considered a term of one year unless otherwise indicated.

Cashiering supports credit/debit cards via ETS, includes PCI Compliant, a cash collection interface, a cashiering receipt import)

Core Financials includes general ledger, budget prep, bank recon, AP, CellSense, a standard forms pkg, output director, positive pay, secure signatures.

Utility CIS System includes collections, tax lien process and import, a standard forms pkg., output director and one Utility handheld meter-reader interface.

Client agrees that items in this sales quotation are, upon Client's signature or approval of same, hereby added to the existing agreement ("Agreement") between the parties and subject to its terms. Additionally, payment for said items, as applicable but subject to any listed assumptions herein, shall conform to the following terms, subject to payment terms in an agreement, amendment, or similar document in which this sales quotation is included:

- License fees for Tyler and third-party software are invoiced upon the earlier of (i) delivery of the license key or (ii) when Tyler makes such software available accessible.
- Fees for hardware are invoiced upon delivery.
- Fees for year one of hardware maintenance are invoiced upon delivery of the hardware.
- Annual Maintenance and Support fees, SaaS fees, Hosting fees, and Subscription fees are first payable when Tyler makes the software accessible to the Client (for Maintenance) or on the first day of the month following the date this quotation was signed (for SaaS, Hosting, and Subscription), and any such fees are prorated to align with the applicable term under the agreement, with renewals invoiced annually thereafter in accord with the Agreement.
- Fees for services included in this sales quotation shall be invoiced as indicated below.
 - o Implementation and other professional services fees shall be invoiced as delivered.
 - o Fixed-fee Business Process Consulting services shall be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module.
 - o Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion option, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, Tyler will invoice Client the actual services delivered on a time and materials basis.
 - o Except as otherwise provided, other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment shall be invoiced upon delivery of the Implementation Planning document. Dedicated Project

Management services, if any, will be invoiced monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.

o If Client has purchased any change management services, those services will be invoiced in accordance with the Agreement.

o Notwithstanding anything to the contrary stated above, the following payment terms shall apply to fees specifically for migrations: Tyler will invoice Client 50% of any Migration Services Fees listed above upon Client approval of the product suite migration schedule. The remaining 50%, by line item, will be billed upon the go-live of the applicable product suite. Tyler will invoice Client for any Project Management Fees listed above upon the go-live of the first product suite. Annual SaaS Fees will be invoiced upon availability of the hosted environment.

Any SaaS or hosted solutions added to an agreement containing Client-hosted Tyler solutions are subject to Tyler’s SaaS Services terms found here: <https://www.tylertech.com/terms/tyler-saas-services>.

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____

Print Name: _____ P.O.#: _____



Exhibit B Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary of the Agreement. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Invoicing: We will invoice you for the applicable software and services in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Agreement.

1. **SaaS Fees.** SaaS Fees are invoiced on an annual basis, beginning on the commencement of the initial term as set forth in Section F (1) of this Agreement. Your annual SaaS fees for the initial term are set forth in the Investment Summary. Upon expiration of the initial term, your annual SaaS fees will be at our then-current rates.
2. **Other Tyler Software and Services.**
 - 2.1 *VPN Device:* The fee for the VPN device will be invoiced upon installation of the VPN.
 - 2.2 *Implementation and Other Professional Services (including training):* Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.
 - 2.3 *Consulting Services:* If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon your acceptance of the best practice recommendations, by module, and 50% upon your acceptance of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.
 - 2.4 *Conversions:* Fixed-fee conversions are invoiced 50% upon initial delivery of the converted Data, by conversion option, and 50% upon Client acceptance to load the converted Data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.
 - 2.5 *Requested Modifications to the Tyler Software:* Requested modifications to the Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in this Agreement.

- 2.6 *Other Fixed Price Services*: Other fixed price services are invoiced as delivered, at the rates set forth in the Investment Summary. For the avoidance of doubt, where “Project Planning Services” are provided, payment will be due upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be billed monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.
- 2.7 *Annual Services*: Unless otherwise indicated in this Exhibit B, fees for annual services are due annually, in advance, commencing on the availability of the service. Your annual fees for the initial term are set forth in the Investment Summary. Upon expiration of the initial term, your annual fees will be at our then-current rates.
3. Third Party Products.
- 3.1 *Third Party Software License Fees*: License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.
- 3.2 *Third Party Software Maintenance*: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.
- 3.3 *Third Party Hardware*: Third Party Hardware costs, if any, are invoiced upon delivery.
- 3.4 *Third Party Services*: Fees for Third Party Services, if any, are invoiced as delivered, along with applicable expenses, at the rates set forth in the Investment Summary.
- 3.5 *Third Party SaaS*: Third Party SaaS Services fees, if any, are invoiced annually, in advance, commencing with availability of the respective Third Party SaaS Services. Pricing for the first year of Third Party SaaS Services is indicated in the Investment Summary. Pricing for subsequent years will be at the respective third party’s then-current rates.
4. Transaction Fees. Unless paid directly by an end user at the time of transaction, per transaction (call, message, etc.) fees are invoiced on a quarterly basis. Fees are indicated in Exhibit A and may be increased by Tyler upon notice of no less than thirty (30) days.
5. Expenses. The service rates in the Investment Summary do not include travel expenses. Expenses for Tyler delivered services will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B as Schedule 1. Copies of receipts will be provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.
6. Credit for Prepaid Maintenance and Support Fees for Tyler Software. Client will receive a credit for the maintenance and support fees prepaid for the Tyler Software for the time period commencing on the first day of the SaaS Term.

Payment. Payment for undisputed invoices is due within forty-five (45) days of the invoice date. We prefer to receive payments electronically. Our electronic payment information is available by contacting AR@tylertech.com.



Exhibit B
Schedule 1
Business Travel Policy

1. Air Travel

A. Reservations & Tickets

The Travel Management Company (TMC) used by Tyler will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five (5) days = one (1) checked bag
- Six (6) or more days = two (2) checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee’s private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee’s office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a “mid-size” or “intermediate” car. “Full” size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler’s TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler’s work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

“No shows” or cancellation fees are not reimbursable if the employee does not comply with the hotel’s cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of State and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

Breakfast	15%
Lunch	25%
Dinner	60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.



Exhibit C Service Level Agreement

I. Agreement Overview

This SLA operates in conjunction with, and does not supersede or replace any part of, the Agreement. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. This SLA does not apply to any Third Party SaaS Services. All other support services are documented in the Support Call Process.

II. Definitions. Except as defined below, all defined terms have the meaning set forth in the Agreement.

Actual Attainment: The percentage of time the Tyler Software is available during a calendar quarter, calculated as follows: $(\text{Service Availability} - \text{Downtime}) \div \text{Service Availability}$.

Client Error Incident: Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

Downtime: Those minutes during Service Availability, as defined below, when all users cannot launch, login, search or save primary data in the Tyler Software. Downtime does not include those instances in which only a Defect is present.

Emergency Maintenance: (1) maintenance that is required to patch a critical security vulnerability; (2) maintenance that is required to prevent an imminent outage of Service Availability; or (3) maintenance that is mutually agreed upon in writing by Tyler and the Client.

Planned Downtime: Downtime that occurs during a Standard or Emergency Maintenance window.

Service Availability: The total number of minutes in a calendar quarter that the Tyler Software is capable of receiving, processing, and responding to requests, excluding Planned Downtime, Client Error Incidents, denial of service attacks and Force Majeure.

Standard Maintenance: Routine maintenance to the Tyler Software and infrastructure. Standard Maintenance is limited to five (5) hours per week.

III. **Service Availability**

a. Your Responsibilities

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support case number.

b. Our Responsibilities

When our support team receives a call from you that Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of Planned

Downtime, a Client Error Incident, Denial of Service attack or Force Majeure). We will also work with you to resume normal operations.

c. Client Relief

Our targeted Attainment Goal is 100%. You may be entitled to credits as indicated in the Client Relief Schedule found below. Your relief credit is calculated as a percentage of the SaaS fees paid for the calendar quarter.

In order to receive relief credits, you must submit a request through one of the channels listed in our Support Call Process within fifteen days (15) of the end of the applicable quarter. We will respond to your relief request within thirty (30) day(s) of receipt.

The total credits confirmed by us will be applied to the SaaS Fee for the next billing cycle. Issuing of such credit does not relieve us of our obligations under the Agreement to correct the problem which created the service interruption.

Client Relief Schedule	
Actual Attainment	Client Relief
99.99% - 98.00%	Remedial action will be taken
97.99% - 95.00%	4%
Below 95.00%	5%

IV. Maintenance Notifications

We perform Standard Maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

Not all maintenance activities will cause application unavailability. However, if Tyler anticipates that activities during a Standard or Emergency Maintenance window may make the Tyler Software unavailable, we will provide advance notice, as reasonably practicable that the Tyler Software will be unavailable during the maintenance window.



Exhibit C Schedule 1 Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support for authorized users*:

- (1) On-line submission (portal) – for less urgent and functionality-based questions, users may create support incidents through the Tyler Customer Portal available at the Tyler Technologies website. A built-in Answer Panel provides users with resolutions to most “how-to” and configuration-based questions through a simplified search interface with machine learning, potentially eliminating the need to submit the support case.
- (2) Email – for less urgent situations, users may submit emails directly to the software support group.
- (3) Telephone – for urgent or complex questions, users receive toll-free, telephone software support.

** Channel availability may be limited for certain applications.*

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

- (1) Tyler Website – www.tylertech.com – for accessing client tools, documentation, and other information including support contact information.
- (2) Tyler Search -a knowledge based search engine that lets you search multiple sources simultaneously to find the answers you need, 24x7.
- (3) Tyler Community –provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
- (4) Tyler University – online training courses on Tyler products.

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Tyler’s holiday schedule is outlined below. There will be no support coverage on these days.

New Year’s Day	Labor Day
Martin Luther King, Jr. Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

For support teams that provide after-hours service, we will provide you with procedures for contacting support staff after normal business hours for reporting Priority Level 1 Defects only. Upon receipt of

such a Defect notification, we will use commercially reasonable efforts to meet the resolution targets set forth below.

We will also make commercially reasonable efforts to be available for one pre-scheduled Saturday of each month to assist your IT staff with applying patches and release upgrades, as well as consulting with them on server maintenance and configuration of the Tyler Software environment.

Incident Handling

Incident Tracking

Every support incident is logged into Tyler’s Customer Relationship Management System and given a unique case number. This system tracks the history of each incident. The case number is used to track and reference open issues when clients contact support. Clients may track incidents, using the case number, through Tyler’s Customer Portal or by calling software support directly.

Incident Priority

Each incident is assigned a priority level, which corresponds to the Client’s needs. Tyler and the Client will reasonably set the priority of the incident per the chart below. This chart is not intended to address every type of support incident, and certain “characteristics” may or may not apply depending on whether the Tyler software has been deployed on customer infrastructure or the Tyler cloud. The goal is to help guide the Client towards clearly understanding and communicating the importance of the issue and to describe generally expected response and resolution targets in the production environment only.

References to a “confirmed support incident” mean that Tyler and the Client have successfully validated the reported Defect/support incident.

Priority Level	Characteristics of Support Incident	Resolution Targets*
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client’s remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. For non-hosted customers, Tyler’s responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets*
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. For non-hosted customers, Tyler's responsibility for loss or corrupted data is limited to assisting the Client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack, which shall occur at least quarterly. For non-hosted customers, Tyler's responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

**Response and Resolution Targets may differ by product or business need*

Incident Escalation

If Tyler is unable to resolve any priority level 1 or 2 defect as listed above or the priority of an issue has elevated since initiation, you may escalate the incident to the appropriate resource, as outlined by each product support team. The corresponding resource will meet with you and any Tyler staff to establish a mutually agreeable plan for addressing the defect.

Remote Support Tool

Some support calls may require further analysis of the Client's database, processes or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Tyler's support team must have the ability to quickly connect to the Client's system and view the site's setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.



Remittance:
 Tyler Technologies, Inc.
 (FEIN 75-2303920)
 P.O. Box 203556
 Dallas, TX 75320-3556

Invoice

Invoice No	Date	Page
025-489748	01/01/2025	1 of 2

Questions:
 Tyler Technologies - Local Government
 Phone: 1-800-772-2260 Press 2, then 2
 Email: ar@tylertech.com



Bill To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Ship To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Cust No.-BillTo-ShipTo	Ord No	PO Number	Currency	Terms	Due Date
44795 - MAIN - MAIN	194027		USD	NET30	01/31/2025

Contract Date	Description	Units	Rate	Extended Price
Contract No.: Tomball, City of				
Cycle: Start: 01/Feb/2025, End: 31/Jan/2026				
06/Jan/2023	Content Manager Annual Fees Content Manager Core Cycle: Start: 01/Feb/2025, End: 31/Jan/2026	1		\$3,777.17
06/Jan/2023	ERP Pro Financials Annual Fees Core Financials Cycle: Start: 01/Feb/2025, End: 31/Jan/2026	1		\$53,218.80
06/Jan/2023	Electronic Time Clock Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Fixed Assets Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Inventory Control Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Human Resources Management (Includes Position Budgeting) Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Project Accounting Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Purchasing Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Accounts Receivable Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Employee Access Pro Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Applicant Tracking Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	ERP Pro Utilities Annual Fees Work Orders Cycle: Start: 01/Feb/2025, End: 31/Jan/2026	1		\$45,285.20
06/Jan/2023	Utility Billing Water/Gas Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Additional Handheld Meter-Reader Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Cashiering Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Meter Data Sync with Scheduler Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			



Remittance:
 Tyler Technologies, Inc.
 (FEIN 75-2303920)
 P.O. Box 203556
 Dallas, TX 75320-3556

Invoice

Invoice No	Date	Page
025-489748	01/01/2025	2 of 2

Questions:
 Tyler Technologies - Local Government
 Phone: 1-800-772-2260 Press 2, then 2
 Email: ar@tylertech.com

Bill To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Ship To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Cust No.-BillTo-ShipTo	Ord No	PO Number	Currency	Terms	Due Date
44795 - MAIN - MAIN	194027		USD	NET30	01/31/2025

Contract Date	Description	Units	Rate	Extended Price
06/Jan/2023	Third-Party Printing Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Additional Handheld Meter-Reader Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Call Center Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Building Projects Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
21/Mar/2023	Cashiering Receipt Import Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
	Municipal Justice Annual Fees	1		\$21,470.09
06/Jan/2023	Court to Police Third-Party Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Civil Case Manager Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Collection Agency Export Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Criminal Case Manager Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			
06/Jan/2023	Citation Issuing Device Third-Party Interface Cycle: Start: 01/Feb/2025, End: 31/Jan/2026			

****ATTENTION****
 Order your checks and forms from
 Tyler Business Forms at 877-749-2090 or
 tylerbusinessforms.com to guarantee
 100% compliance with your software.

Subtotal	123,751.26
Sales Tax	\$0.00
Invoice Total	123,751.26

System Agreement
Between

Tyler Technologies, Inc.

5808 4th Street
Lubbock, Texas 79416
(800) 646-2633
(806) 797-4849 Fax

AND

City of Tomball

401 Market Street
Tomball, Texas 77375
Phone: 281.351.5484
Fax: 281.351.6256

tyler
TECHNOLOGIES

AGREEMENT

This agreement is entered into by and between Tyler Technologies, Inc., hereinafter referred to as COMPANY, located at 5808 4th Street, Lubbock, Texas 79416; and; City of Tomball, hereinafter referred to as CLIENT on, _____, 2007.

COMPANY and CLIENT agree as follows:

1. COMPANY shall furnish the products and services as described in this Agreement, and CLIENT shall pay the prices set forth in this Agreement.
2. This Agreement consists of this Cover and the following Attachments and Exhibits:
Section A Investment Summary (A-D)
Section B COMPANY Agreement Terms and Conditions
3. The License Fees set forth in the Investment Summary are based on defined category levels. Placement within a category is based on the size of the organization serviced and measured by such factors as operating budget, number of employees, number of utility accounts, number of sworn officers, population of the entity, etc.

IN WITNESS WHEREOF, persons having been duly authorized and empowered to enter into this Agreement hereunto executed this Agreement effective as of the date last set forth below.

Client: City of Tomball

By: Monica Kohlenberg
Signature
Monica Kohlenberg
Printed Name
Director of Finance
Title
10/8/07
Date
74-6003588-8
Sales Tax Certificate Number

Tyler Technologies, Inc.:

By: S. Brett Cate
Signature
S. Brett Cate
Printed Name
President, INCODE Solution
Title
9/21/07
Issue Date

Investment Summary

Prepared for:	City of Tomball	Contract ID # :	2007-0287
Contact Person:	Brent Piercey	Issue Date:	9/21/07
Address:	401 Market Street Tomball, Texas 77375	Salesman:	L.Midkiff/ S.Cleaveland
Phone:	281.351.5484	Tax Exempt:	Yes / No
Fax:	281.351.6256		
Email:	bpiercey@ci.tomball.tx.us		

	Initial Fees	Monthly Fees**
Total Monthly Services <i>Internet Services and Products</i> <i>**Please note this is not an Annual agreement, the fees listed herein are monthly fees.</i>	1,000	300
Totals	1,000	300

Online Services and Products

Service	QTY	Charges	Initial Year	Annual Fee
INCODE Online Component Setup				
One Time Setup Fee - Hardware Configuration - DNS registration	1	1,000	1,000	
Monthly fee to support and host Web site		50 /month	600	600
INCODE Utility Billing On-Line Component				
Utility Billing Online (4 cents per bill, per month) - Data extraction and storage - Display of: • Current status (late, cut off etc) • Action needed to avoid penalty • Current Balance • Deposits on file (optional) • Last payment date • Last payment amount • Payment arrangements on file • Last bill amount • Last bill date • Bill due date • Contracts on file and status • Transaction history	<u>3,750</u>	0.04 /month	1,800	1,800
- Address information including • Mapping • Legal description* • Precinct* • School district* • Services at address * - Subject to data availability - Consumption history by service, including graphs - Request for service (optional) - Information change request (optional) - Security - SSL (Secure Socket Layer)				
Online Payments • Payment packet is created to be imported to Utility System <i>NOTE: Customer pays \$1.25 fee per transaction for payment on-line.</i>				
INCODE Court Online Component				
Monthly support/maintenance fee - Display of citation/citations for payment - Collects plea from defendant - Security -- SSL (Secure Socket Layer) - Payment Processing - Credit Card • Payment packet is created to be imported to Court System <i>NOTE: Defendant pays \$1.50 fee per transaction for payment on-line.</i>		100 /month	1,200	1,200
Total			4,600	3,600

TYLER TECHNOLOGIES WEB SERVICES - INTERNET BASED PRODUCTS SUBSCRIPTION AGREEMENT TERMS AND CONDITIONS

THIS AGREEMENT is effective as of the date of acceptance set forth at the end hereof, and is by and between Tyler Technologies, Inc., hereinafter referred to as COMPANY and the party signing this agreement as the "SUBSCRIBER".

DEFINITIONS

COMPANY Web Services. COMPANY Web Services are designed to enable SUBSCRIBER to easily establish a presence on the Internet. COMPANY Web Hosting and Design is composed of the COMPANY Web Hosting and Design Publishing Component and other miscellaneous components. These components may be used independently or in conjunction with each other.

COMPANY Web Hosting and Design Publishing Component. The COMPANY Web Hosting and Design Publishing Component (IWPC) provides a simple avenue for the SUBSCRIBER to publish a sophisticated Web Site that is easy for them to maintain. The IWPC contains the central Web Site menuing system and smart directories. These smart directories allow the SUBSCRIBER to simply copy or FTP Web compatible documents (HTML) to COMPANY's Web Server for publication. As long as the documents are copied to the proper directories, the IWPC will automatically catalog, organize and publish the documents to the SUBSCRIBER's IWPC Web Site. If the SUBSCRIBER has a unique domain name, COMPANY can seamlessly point it to COMPANY's web server.

COMPANY Utility Billing On-Line The COMPANY Utility Billing On-Line Component allows the SUBSCRIBER to make available certain information from their COMPANY Utility Billing System to citizens with Internet access. Information is transferred from SUBSCRIBER to COMPANY daily. This information is posted to SUBSCRIBER's web site, which is hosted on COMPANY's web server. With the proper security clearance, citizens with Internet access have access to the data which can include: Consumption information, service level information, requests for service, accounting information and the opportunity to pay their Utility Bill over the Internet using a credit card.

COMPANY Court On-Line The COMPANY Court On-Line Component provides the ability for municipal court fines to be paid by credit card or electronic check via the Internet. Since it was designed by COMPANY, this system interfaces seamlessly with COMPANY's InCourt Municipal Court System.

AGREEMENTS

- 1) **TERM.** SUBSCRIBER must return an executed copy of this Agreement to COMPANY within 90 days from the issue date. Thereafter, the Agreement will be voided and is subject to change. Subject to the limitations of this Section 1, and unless otherwise provided for in this Agreement, the term of this Agreement shall commence as of the effective date and shall continue for three (3) years. The term shall thereafter be automatically extended in separate consecutive periods of twelve (12) months duration unless either party gives written notice to terminate. Notice to terminate must provide at least sixty (60) days notice of said intent. In the event that the SUBSCRIBER fails to pay any amount payable to COMPANY hereunder, when due, or fails to comply with any other provision of this Agreement, COMPANY may terminate the SUBSCRIBER's rights by written notice to that effect to the SUBSCRIBER. COMPANY may, by written notice to the SUBSCRIBER, terminate its obligations under this Agreement in the event that COMPANY, for whatever reason, ceases to host SUBSCRIBER's Web Site. A termination of the SUBSCRIBER's rights under this Agreement shall not terminate any of the parties' rights under this Agreement to receive or hold amounts rightfully owing to the respective party pursuant to the terms of this agreement or to enforce the intellectual and proprietary rights in the COMPANY concept, web site, software, and technology. Upon termination or non-renewal of this agreement, the parties shall each promptly account for all due but unpaid amounts hereunder. If SUBSCRIBER wishes to terminate before the stated term expires, SUBSCRIBER must give sixty (60) days written notice in order not to incur termination costs of \$900.00 Please also see section entitled "**TERMINATION**" in this Agreement.
- 2) **NATURE OF WEB SITE.** COMPANY shall maintain a web site accessible over the Internet, for SUBSCRIBER. This web site shall contain both static information pages, non-static interactive pages as well as payment function pages. The web site shall allow a citizen with Internet access to view relevant data provided by SUBSCRIBER. This data may include certain data elements from SUBSCRIBER's Utility Billing System and Municipal Court System. This web site shall be equipped to accept payment of amounts owed to SUBSCRIBER, via Secured Socket Layer (SSL) encryption and credit card or debit card charge.

**TYLER TECHNOLOGIES WEB SERVICES - INTERNET
BASED PRODUCTS SUBSCRIPTION AGREEMENT
TERMS AND CONDITIONS**

- 3) **DATA PROCUREMENT.** COMPANY requires the following items for the Publishing Component of InSite. The SUBSCRIBER will need to provide COMPANY the documents to be published in an HTML format. It is the responsibility of the SUBSCRIBER to obtain, install and be familiar with the operation of software capable of producing the HTML documents. Unless specified elsewhere in this Agreement, these pages will be static (no interaction between site and user). The SUBSCRIBER is responsible for the content of the page (COMPANY will only provide the framework for publishing the information). COMPANY must host the components and services listed in the Investment Summary of this Agreement. The SUBSCRIBER will be required to setup a merchant account with Electronic Transaction System Corporation for the sole use of COMPANY Web Service transactions. The merchant account must be setup to fund to the SUBSCRIBER bank account. All fees for the merchant account will be paid by SUBSCRIBER.

COMPANY Utility Billing On-Line and COMPANY Court On-Line require daily updates to and from the SUBSCRIBER's primary software. COMPANY will assume responsibility for transferring the necessary data from the SUBSCRIBER's primary software system, to COMPANY's web server. This transfer will occur on a daily basis. Additionally, certain information, such as payment information, must be conveyed to SUBSCRIBER. COMPANY will assume responsibility for transferring such information back to SUBSCRIBER on a regular basis.

- 4) **LICENSED SOFTWARE OWNERSHIP.** SUBSCRIBER agrees that COMPANY possesses exclusive title to and ownership of the COMPANY Software.
- a) SUBSCRIBER agrees that SUBSCRIBER acquires neither ownership nor any other interest in the COMPANY Software, except for the right to use and possess the COMPANY Software in accordance with the terms and conditions of this Agreement.
 - b) All rights not expressly granted to SUBSCRIBER in this Agreement are retained by COMPANY.
 - c) SUBSCRIBER agrees that COMPANY Software including, but not limited to, systems designs, programs in source and/or object code format, applications, techniques, ideas, and/or know-how utilized and/or developed by COMPANY are and shall remain the exclusive property of COMPANY. SUBSCRIBER agrees that the COMPANY Software consists of COMPANY's trade secrets. COMPANY shall retain all copyrights in the COMPANY Software, whether published or unpublished.
 - d) COMPANY agrees that all data provided to COMPANY for the purposes of generating the web site shall remain the property of SUBSCRIBER. Should SUBSCRIBER terminate the Internet Services in good standing and in accordance with the termination provisions of this Agreement, COMPANY agrees to return to SUBSCRIBER, all graphics, text documents, and data files held by COMPANY.
- 5) **SUBSCRIBER MEMBERSHIP FEES.** For establishing new COMPANY Web Services, the SUBSCRIBER shall pay to COMPANY the following amounts as stated in Initial Fees.
- 6) **NOT ASSIGNABLE.** The rights of the SUBSCRIBER under this Agreement are not assignable without the prior written consent of COMPANY. Any attempt to sublicense, assign, encumber or transfer any of the rights, duties or obligations under this Agreement by the SUBSCRIBER is void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted assigns and successors.
- 7) **SOFTWARE MAINTENANCE.** This SUBSCRIPTION AGREEMENT includes unlimited telephone support, support by communication modem, and all software upgrades, enhancements and new releases. COMPANY reserves the right to change the functionality of future releases of its software and CLIENT understands that COMPANY is not obligated to include specific functionality in future releases unless provided for herein.
- 8) **PARTIAL INVALIDITY.** Should any provision or clause of this Agreement be held to be invalid, such invalidity shall not affect any other provision or clause hereof, which can be given effect without such invalid provision or clause.
- 9) **RESPONSIBILITY OF DATA.** COMPANY will assume responsibility for all data transfer, but not responsible for data accuracy.

**TYLER TECHNOLOGIES WEB SERVICES - INTERNET
BASED PRODUCTS SUBSCRIPTION AGREEMENT
TERMS AND CONDITIONS**

- 10) **PROPRIETARY INFORMATION.**
- a) Distribution of COMPANY Software. SUBSCRIBER may not sell, assign, transfer, disclose, or otherwise make available, either directly or indirectly, any object code, documentation or other material relating to the Software, in whole or in part, or any copy of the same in any form, to any other person or entity.
 - b) Software as Trade Secret. SUBSCRIBER shall maintain the confidentiality of the Software and unless specifically authorized by COMPANY or except for ordinary and necessary backup purposes, SUBSCRIBER may not make or have made any copies of the Software or any part thereof. SUBSCRIBER shall include COMPANY's proprietary notice or other legend on any copies made by SUBSCRIBER as permitted hereunder.
- 11) **WARRANTY, DISCLAIMER, LIMITATION ON LIABILITY.** COMPANY warrants that the Software will substantially conform to current specifications delivered by COMPANY to SUBSCRIBER pursuant to this Agreement, including COMPANY's response to the Request for Proposal for six (6) months following installation; provided, however, that COMPANY's warranty hereunder shall not cover or apply to any software, or part thereof, that is not developed or designed by COMPANY. In the event that the Software is found to be defective in such respect and SUBSCRIBER notifies COMPANY in writing within six (6) months after its receipt of the Software of any substantial non-conformity of the Software with such specifications, COMPANY's sole obligation under this warranty is to remedy such defect within a reasonable time. THE FOREGOING WARRANTY IS EXCLUSIVE AND IS MADE IN LIEU OF ALL OTHER WARRANTIES OR REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED, IN FACT OR IN LAW, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. COMPANY SHALL IN NO EVENT BE LIABLE FOR DAMAGES THAT EXCEED THE AMOUNT OF THE CHARGES PAID BY SUBSCRIBER HEREUNDER FOR THE DEVELOPMENT AND LICENSE OF THE SOFTWARE. IN NO EVENT SHALL COMPANY BE LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES OR FOR LOSS OF PROFITS, REVENUES OR DATA, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 12) **HOLD HARMLESS.** SUBSCRIBER agrees that it will hold COMPANY harmless against any claims, damages, liabilities, costs and expenses, including reasonable attorneys' fees, arising out of or relating to
- a) SUBSCRIBER's failure to implement any corrections, improvements and new releases relating to the Software, or any part thereof,
 - b) SUBSCRIBER's unauthorized alterations to or use of the Software, or
 - c) SUBSCRIBER's breach of any of its obligations to maintain the confidentiality of the Software or SUBSCRIBER's unauthorized copying thereof.
- 13) **TERMINATION.** This Agreement or any license referenced hereunder may be terminated by COMPANY upon written notice to SUBSCRIBER if SUBSCRIBER performs any breach of the terms of this Agreement. At the date of termination of this Agreement, SUBSCRIBER shall promptly return to COMPANY any Software, related documentation, materials and other property of COMPANY then in its possession, and any copies thereof wherever located. Notwithstanding the foregoing, all provisions hereof relating to confidentiality of the Software shall survive the termination of this Agreement.
- 14) **GENERAL.**
- a) This Agreement shall be governed by the laws of SUBSCRIBER's state of domicile and constitutes the entire Agreement between the parties hereto with respect to the Software described herein, and shall supersede all previous or contemporaneous negotiations, commitments and writings with respect to the matters set forth herein.
 - b) All acceptances by COMPANY of purchase orders and all sales by COMPANY are expressly limited to and made on the basis of the terms and conditions set forth herein, notwithstanding receipt or acknowledgment of SUBSCRIBER's order forms or specifications containing additional or different provisions, or conflicting oral representations by an agent, representative or employee of COMPANY. Any such additional or different terms are hereby objected to. All acceptances by COMPANY are expressly conditional on SUBSCRIBER's assent to the additional or different terms and conditions set forth in this Agreement. If these terms and conditions are not acceptable, SUBSCRIBER should notify COMPANY at once.



Remittance:
 Tyler Technologies, Inc.
 (FEIN 75-2303920)
 P.O. Box 203556
 Dallas, TX 75320-3556

Invoice

Invoice No	Date	Page
025-491902	12/31/2024	1 of 1

Questions:
 Tyler Technologies - Local Government
 Phone: 1-800-772-2260 Press 2, then 2
 Email: ar@tylertech.com



Bill To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Ship To: CITY OF TOMBALL
 401 WEST MARKET STREET
 TOMBALL, TX 77375

Cust No.-BillTo-ShipTo	Ord No	PO Number	Currency	Terms	Due Date
44795 - MAIN - MAIN			USD	NET30	01/30/2025

Contract Date	Description	Units	Rate	Extended Price
	Insite Transaction Fees - Utility Billing (Auto Pay) Credit Card	2,548	1.25	3,185.00
	Insite Transaction Fees - Utility Billing (Auto Pay) eCheck	3,940	1.25	4,925.00
	Insite Transaction Fees - Utility Billing (IVR)	350	1.25	437.50
	Insite Transaction Fees - Utility Billing (Site) Credit Card	2,763	1.25	3,453.75
	Insite Transaction Fees - Utility Billing (Site) eCheck	2,199	1.25	2,748.75
	Insite Transaction Fees - Utility Billing (Text)	137	1.25	171.25

Comments: Insite Transaction Fees 10/1/2024 - 12/31/2024

<p align="center">**ATTENTION**</p> <p align="center">Order your checks and forms from Tyler Business Forms at 877-749-2090 or tylerbusinessforms.com to guarantee 100% compliance with your software.</p>	Subtotal	14,921.25
	Sales Tax	\$0.00
	Invoice Total	14,921.25

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 20, 2025

Topic:

Approve the expenditure of greater than \$50,000 with Insight Public Sector, Inc. for Microsoft 365, Adobe, and SysAid software products and licensing services for a total not-to-exceed amount of \$75,170.00, approve the expenditure of funds thereof and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the FY 2024-2025 budget.

Background:

The City has used Insight for software solutions for several years, including the purchase of licenses for products such as Adobe Professional tools and SysAid, the City's IT Helpdesk and IT asset management solution. The City is now moving the purchase of its Microsoft 365 licenses to Insight as well as Insight is a direct Microsoft provider for service support. The total expenditure also includes a contingency of \$14,000, which is used when additional licenses are added during the year for new employees or when a department needs to add new license. The total expenditure, not to exceed \$75,170.00 is fully budgeted in the FY 2024-2025 Budget.

Service	Budget Amount	Contract Expenditure
M365 Licensing (March 2025 through September 25)	\$86,000.00	\$48,951.00*
SYSAID Annual Renewal	\$14,000.00	\$12,219.00
Adobe – Renewal (April 2025)	\$14,000.00	\$14,000.00
Total:		\$75,170.00

*October 2024 to February 2025: \$34,500.00 was paid to previous vendor

This item is being purchased through the Omnia Partners purchasing cooperative, pursuant to the City’s adopted Procurement Policy.

Origination: Information Technology

Recommendation:

Staff recommends approving the expenditure of \$75,170.00 with Insight for software and licensing services as appropriated in the FY 2024-2025 Budget.

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

FUNDING (IF APPLICABLE)

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

Yes: X No:

If yes, specify Account Number: #100-117-6320

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

Signed: _____ **Approved by:** _____
Staff Member Date City Manager Date



Technology Product Solutions and Related Services
Executive Summary

Lead Agency: Cobb County, GA

Solicitation: 23-6692

RFP Issued: August 26, 2022

Pre-Proposal Date: September 14, 2022

Response Due Date: October 13, 2022

Proposals Received: 18



Awarded to:

Contract #: 23-6692-03

The Cobb County Purchasing Department issued RFP 23-6692 on August 26, 2022, to establish a national cooperative contract for Technology Product Solutions and Related Services.

The solicitation included cooperative purchasing language in **National Contract** section as stated below:

“Cobb County, GA, as the Principal Procurement Agency, defined in Attachment A, has partnered with OMNIA Partners, Public Sector (“OMNIA Partners”) to make the resultant contract (also known as the “Master Agreement” in materials distributed by OMNIA Partners) from this solicitation available to other public agencies nationally, including state and local governmental entities, public and private primary, secondary and higher education entities, non-profit entities, and agencies for the public benefit (“Public Agencies”), through OMNIA Partners’ cooperative purchasing program. Cobb County, GA is acting as the contracting agency for any other Public Agency that elects to utilize the resulting Master Agreement. Use of the Master Agreement by any Public Agency is preceded by their registration with OMNIA Partners (a “Participating Public Agency”) and by using the Master Agreement, any such Participating Public Agency agrees that it is registered with OMNIA Partners, whether pursuant to the terms of a Master Intergovernmental Cooperative Purchasing Agreement, a form of which is attached hereto on Attachment A, or as otherwise agreed to. Attachment A contains additional information about OMNIA Partners and the cooperative purchasing program”.

Notice of the solicitation was sent to potential offerors, as well as advertised in the following:

- Cobb County Purchasing website
- OMNIA Partners website
- USA Today, nationwide
- Arizona Business Gazette, AZ
- San Bernardino County Sun, CA
- Honolulu Star-Advertiser, HI
- The Herald-News – Will County (IL)
- The Advocate – New Orleans, LA
- The New Jersey Herald, NJ
- Albany Times Union, NY
- Daily Journal of Commerce, OR
- The State, SC
- Deseret News, UT
- Richmond Times-Dispatch, VA
- Seattle Daily Journal of Commerce, WA
- Houston Community Newspapers, TX
- Helena Independent Record, MT
- Las Vegas Review-Journal
- Kennebec Journal/Morning Sentinel, ME

Socio-economic Outreach: To encourage participation of small businesses, minority owned businesses and women owned businesses were notified of the Request for Proposal.

On October 13, 2022, proposals were received from the following offerors:

- Alegna Technologies, Inc.
- SHI International Corp.
- Carbyne, Inc.
- Insight Public Sector, Inc.
- Audio Enhancement, Inc.
- Emergent, LLC
- Govconnection, Inc. dba Connection - Public Sector Solutions
- Iron Bow Technologies, LLC
- DLT Solutions, LLC
- Vertosoft, LLC
- Presidio Networked Solutions, LLC
- Virtual Technologies Inc.
- CDW Government LLC
- Carahsoft Technology Corporation
- Vurkada, Inc. Fiscal Note Inc.
- AGParts Worldwide Inc.
- Virtucom, Inc.

The proposals were evaluated by an evaluation committee. Using the evaluation criteria established in the RFP, the committee elected to enter into negotiations with **Insight Public Sector, Inc.** and proceeding with contract award upon successful completion of negotiations.

Geographic Preferences: Cobb County included a geographic preference, but it did not impact the score for the national award.

The Cobb County, GA, OMNIA Partners and Insight Public Sector successfully negotiated a contract, and the Cobb County executed the agreement with a contract effective date of May 1, 2023.

Diversity Certification: IPS prefers to meet diversity requirements for services opportunities where they're able to subcontract out to the diversity partner.

Contract includes: A comprehensive range of solutions providing a broad range of technology products and services including but not limited to:

- Hardware Product Offering with hundreds of leading industry manufacturers
- Software applications through licensing agreements with software publishers or boxed products
- Solutions & Service Offerings; As a comprehensive Solutions Integrator (SI), Insight takes a client-focused approach to helping organizations identify, adopt, and manage the most appropriate solutions to drive digital transformation and modernization for innovation.

Supplier provided federal funds certifications which are available on the OMNIA Partners website for review.

Term:

Initial thirty-six-month agreement from May 1, 2023 through April 30, 2026 with the option to renew two (2) additional one-year periods through April 30, 2028.

Pricing/Discount:

Pricing structure for products is based on a discount off the Insight list price.

OMNIA Public Sector, web landing page:

[Insight Public Sector, Inc. Cooperative Contract | Overview \(omniapartners.com\)](https://www.omniapartners.com/insight-public-sector-cooperative-contract-overview)

Version July 14, 2022

Account name: 10512125

CITY OF TOMBALL
 401 MARKET ST
 TOMBALL TX 77375-4645

SHIP-TO

CITY OF TOMBALL
 401 MARKET ST
 TOMBALL TX 77375-4645

We deliver according to the following terms:

Payment Terms : Credit Card
Ship Via : Electronic Delivery
Terms of Delivery : FOB DESTINATION
Currency : USD

Quotation	
Quotation Number	: 0228074641
Document Date	: 09-JAN-2025
PO Number	:
PO Release	:
Sales Rep	: George Marshall
Email	: GEORGE.MARSHALL@INSIGHT.COM
Phone	:
Sales Rep 2	: Rhada Zamora
Email	: RHADA.ZAMORA@INSIGHT.COM
Phone	:

Material	Material Description	Quantity	Unit Price	Extended Price
SYS-ITSM-EDTN	SYSAID SPACES ITSM EDITION Coverage Dates: 13-FEB-2025 - 13-FEB-2026 OMNIA PARTNERS (COBB COUNTY) IT PRODUCTS AND SERVICES(# 23-6692-03) List Price: 8678.99 Discount: 8.265%	1	7,961.64	7,961.64
SYS-ADDTL-ASSTS	SYSAID ADDITIONAL ASSETS (50 PER UNIT) Coverage Dates: 13-FEB-2025 - 13-FEB-2026 OMNIA PARTNERS (COBB COUNTY) IT PRODUCTS AND SERVICES(# 23-6692-03) List Price: 163.99 Discount: 8.513%	15	150.03	2,250.45
SYS-BI-ANALYT	SYSAID BI ANALYTICS Coverage Dates: 13-FEB-2025 - 13-FEB-2026 OMNIA PARTNERS (COBB COUNTY) IT PRODUCTS AND SERVICES(# 23-6692-03) List Price: 729.99 Discount: 8.366%	2	668.92	1,337.84
SYS-BI-ANALYT-A2	SYSAID BI ANALYTICS (ABOVE 2) Coverage Dates: 13-FEB-2025 - 13-FEB-2026 OMNIA PARTNERS (COBB COUNTY) IT PRODUCTS AND SERVICES(# 23-6692-03) List Price: 729.99 Discount: 8.366%	1	668.92	668.92

Product Subtotal	12,218.85
TAX	0.00
Total	12,218.85

Lease & Financing options available from Insight Global Finance for your equipment & software acquisitions. Contact your Insight account executive for a quote.

Thank you for choosing Insight. Please contact us with any questions or for additional information about Insight's complete IT solution offering.

Sincerely,

George Marshall

GEORGE.MARSHALL@INSIGHT.COM

Rhada Zamora

RHADA.ZAMORA@INSIGHT.COM

To purchase under this contract, your agency must be registered with OMNIA Partners Public Sector.

Insight Global Finance has a wide variety of flexible financing options and technology refresh solutions. Contact your Insight representative for an innovative approach to maximizing your technology and developing a strategy to manage your financial options.

This purchase is subject to Insight's online Terms of Sale unless you have a separate purchase agreement signed by you and Insight, in which case, that separate agreement will govern. Insight's online Terms of Sale can be found at the "terms-and-policies" link below.

SOFTWARE AND CLOUD SERVICES PURCHASES: If your purchase contains any software or cloud computing offerings ("Software and Cloud Offerings"), each offering will be subject to the applicable supplier's end user license and use terms ("Supplier Terms") made available by the supplier or which can be found at the "terms-and-policies" link below. By ordering, paying for, receiving or using Software and Cloud Offerings, you agree to be bound by and accept the Supplier Terms unless you and the applicable supplier have a separate agreement which governs.

<https://www.insight.com/terms-and-policies>

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 20, 2025

Topic:

Approve a contract with Pate Garver, LP for the construction of Phase I of the FM 2920 Lift Station Consolidation Project (Project No. 2019-10008), for a not-to-exceed amount of \$5,384,286.50 (Bid No. 2025-04), authorize the expenditure of funds therefor, and authorize the City Manager to execute any and all documents. The expenditure was included in the Fiscal Year 2024-2025 Budget as part of the 2025-2029 Capital Improvement Plan.

Background:

The FM 2920 lift station project is part of the City’s effort to expand the capacity of the wastewater collection system on the southwest side of the City. The existing FM 2920 lift station does not have the capacity for future development needs and therefore, alternatives to expand the lift station and force main were evaluated against the possibility of consolidating the lift station and flowing by gravity exclusively. After evaluation it was determined the best option was to consolidate the lift station and flow by gravity from FM 2920 to SH 249 along the identified route requiring easement acquisition.

Staff entered into a professional services agreement with Freese & Nichols in November 2022 to complete the design of the project. The project was divided into two phases:

- Phase I: 7,080 linear feet of 30-inch sanitary sewer line beginning at the existing sanitary sewer near SH 249
- Phase II: 8,040 linear feet of 24-inch sanitary sewer line connecting to the 30-inch sanitary line and extending to FM 2920 and decommissioning of the existing lift station

To obtain the most favorable pricing and in accordance with the City’s Procurement Policy, sealed bids were solicited for the completion of the construction of Phase I, with information available online through CivCast or in person at the Freese & Nichols, Inc. office. A total of seven (7) bids were received, and after a thorough review it was determined that Pate Garver, LP was the lowest responsive bidder for a total of \$5,384,286.50. Below is a breakdown of the current funding allocated for the project.

FM 2920 Lift Station Consolidation		
Budget Breakdown		
Element	Budgeted Amount	Contract Amount
Land Acquisition	\$473,191.00	\$108,799.88*
Engineering	\$2,224,809.00	\$2,224,809.65
Construction – Phase I	\$6,301,175	\$5,384,286.50
Construction – Phase II	\$6,451,815	PENDING
Remaining Budget: \$7,758,280.77		

*Additional expenditures anticipated for easement acquisition

Origination: Project Management

Recommendation:

Staff recommends awarding a contract to Pate Garver, LP construction of Phase I of the FM 2920 Lift Station Consolidation Project for an amount not-to-exceed \$5,384,286.50.

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

FUNDING (IF APPLICABLE)

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

Yes: X No: _____

If yes, specify Account Number: #400-614-6409

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

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

Document 00520

AGREEMENT

Project: FM2920 Lift Station Consolidation Phase 1 – 30" Sanitary Sewer

Project Location: City of Tomball – Holderrieth Rd (Key Map No. 288-N, 288-P, 288-T, 288-U)

Project Bid No: 2025-04

The City: The City of Tomball, County of Harris, Texas (the "City")

and

Contractor: Pate Garver, LP

(Address for Written Notice) 7600 S. Santa Fe, Bldg. A1, Houston, TX 77061

Fax Number: _____

City Engineer is: Freese & Nichols, Inc. attn: Carlos Quintero, P.E.

(Address for Written Notice) 10497 Town and Country Way, Suite 600, Houston, TX 77024

Fax Number: _____

THE CITY AND CONTRACTOR AGREE AS FOLLOWS:

ARTICLE 1

THE WORK OF THE CONTRACT

1.1 Contractor shall perform the Work in accordance with the Contract.

ARTICLE 2

CONTRACT TIME

2.1 Contractor shall achieve Date of Substantial Completion within 240 days after Date of Commencement of the Work, subject to adjustments of Contract Time as provided in the Contract.

2.2 The Parties recognize that time is of the essence for this Agreement and that the City will suffer financial loss if the Work is not completed within the Contract Time. Parties also recognize delays, expense, and difficulties involved in proving in a legal or arbitration proceeding actual loss suffered by the City if the Work is not completed on time. Accordingly, instead of requiring any such proof, the Parties agree that as liquidated damages for delay (but not as a penalty), Contractor shall pay the City the amount stipulated in Document 00800 – Supplementary Conditions, for each day beyond Contract Time.

00520-1
06-16-2011

**ARTICLE 3
CONTRACT PRICE**

3.1 Subject to terms of the Contract, the City will pay Contractor in current funds for Contractor's performance of the Contract, Contract Price of \$5,384,286.50 which includes Extra Work Items and Allowances.

**ARTICLE 4
PAYMENTS**

4.1 The City will make progress payments to Contractor as provided below and in the General Conditions.

4.2 The Period covered by each progress payment is one calendar month ending on the [] 10th, [] 20th, or [X] last day of the month.

4.3 The Schedule of Values established as provided in paragraph 2.07.A of the General Conditions will serve as the basis for progress payments and will be incorporated into a form of Application for Payment acceptable to Engineer. Progress payments on account of Unit Price Work will be based on the number of units completed. The City will make progress payments on account of the Contract Price on the basis of Contractor's Applications for Payment as provided below in paragraphs 4.3.1 and 4.3.2.

4.3.1 Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Engineer may determine or City may withhold, in accordance with paragraph 14.02 of the General Conditions:

- a. For contracts under \$400,000.00, 90% of Work completed (with the balance being retainage).
For contracts over \$400,000.00, 95% of Work completed (with the balance being retainage.)
- b. For contracts under \$400,000.00, 90% (with the balance being retainage) and for contracts over \$400,000.00, 95% (with the balance being retainage) of materials and equipment not incorporated in the Work (but delivered, suitably stored and accompanied by documentation satisfactory to the City as provided in paragraph 14.02 of the General Conditions).

4.3.2 Upon Substantial Completion, the City shall pay an amount sufficient to increase total payments to Contractor to 95% of the Work completed, less such amounts as Engineer shall determine in accordance with paragraph 14.02.B.5 of the General Conditions and less 100% of Engineer's estimate of the value of Work to be completed or corrected as shown on the tentative list of items to be completed or corrected attached to the Certificate of Substantial Completion.

4.4 Final payment, constituting entire unpaid balance of Contract Price, will be made by the City to Contractor as provided in the General Conditions.

00520-2
06-16-2011

**ARTICLE 5
CONTRACTOR REPRESENTATIONS**

5.1 Contractor represents:

5.1.1 Contractor has examined and carefully studied Contract documents and other related data identified in Bid Documents.

5.1.2 Contractor has visited the site and become familiar with and is satisfied as to general, local, and site conditions that may affect cost, progress, and performance of the Work.

5.1.3 Contractor is familiar with and is satisfied as to all federal, state, and local laws and regulations that may affect cost, progress, and performance of the Work.

5.1.4 Contractor has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the site (except Underground Facilities) which have been identified in Contract documents and (2) reports and drawings of a hazardous environmental condition, if any, at the site which has been identified in Contract documents.

5.1.5 Contractor has obtained and carefully studied (or assumes responsibility for having done so) all additional or supplementary examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and Underground Facilities) at or contiguous to the site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, including applying specific means, methods, techniques, sequences, and procedures of construction, if any, expressly required by the Contract to be employed by Contractor, and safety precautions and programs incident thereto

5.1.6 Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for performance of the Work at Contract Price, within Contract Time, and in accordance with the Contract.

5.1.7 Contractor is aware of general nature of work to be performed by the City and others at the site that relates to the Work as indicated in Contract documents.

5.1.8 Contractor has correlated information known to Contractor, information and observations obtained from visits to the site, reports and drawings identified in the Contract, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract.

5.1.9 Contractor has given City Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract, and written resolution thereof by City Engineer is acceptable to Contractor.

5.1.10 Contract documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

00520-3
06-16-2011

**ARTICLE 6
MISCELLANEOUS PROVISIONS**

- 6.1 The Contract may be terminated by either Party as provided in Conditions of the Contract.
- 6.2 The Work may be suspended by the City as provided in Conditions of the Contract.
- 6.3 Contractor further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States, or (b) authorized by law to be employed in that manner in the United States.
- 6.4 In accordance with Chapter 2270, Texas Government Code, a government entity may not enter into a contract with a company for goods or services unless the company covenants and agrees that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. Furthermore, the contractor is prohibited from engaging in business with Iran, Sudan or Foreign Terrorist Organizations.
- 6.5 When conducting activities for the City of Tomball, contractor will adhere to the City's Storm Water Management Plan and permit issued by the Texas Commission on Environmental Quality.

**ARTICLE 7
ENUMERATION OF CONTRACT DOCUMENTS**

- 7.1 The following documents are incorporated into this Agreement:
 - 7.1.1 Document 00700 - General Conditions
 - 7.1.2 Document 00800 - Supplementary Conditions
 - 7.1.3 General Requirements.
 - 7.1.4 Divisions 02 through 16 of Specifications attached hereto or incorporated by reference in Document 00010 - Table of Contents.
 - 7.1.5 Drawings listed in Document 00015 - List of Drawings and bound separately.
 - 7.1.6 Addenda which apply to the Contract, are as follows:
 - Addendum No. 1, dated 11-26-2024
 - 7.1.7 Other documents:

<u>Document No.</u>	<u>Title</u>
[X] 00410B	Bid Form – Part B
[X] 00500	Form of Business
[X] 00501	Resolution of Corporation (if a corporation)
[X] 00610	Performance Bond
[X] 00611	Statutory Payment Bond

00520-4
06-16-2011

- 00612 One-year Maintenance Bond
- 00620 Affidavit of Insurance (with the Certificate of Insurance attached)
- 00800 Exhibit A, Wage Rates
- 00821 Wage Rate for Building Construction
- 00830 Trench Safety Geotechnical Information

ARTICLE 8
SIGNATURES

8.1 This Agreement is executed in two originals and is effective on _____.

00520-5
06-16-2011

CONTRACTOR:

(If Joint Venture)

By: 

By: _____

Name: Alan Pate

Name: _____

Title: President

Title: _____

Date: January 6, 2025

Date: _____

Tax Identification Number: 93-3571947

Tax Identification Number: _____

ATTEST/SEAL:

[SEAL]

Attest: _____

Date: _____

CITY OF TOMBALL, TEXAS:

By: _____
City Manager

ATTEST/SEAL:

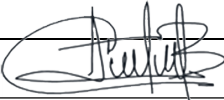
Date: _____

[SEAL]

Attest: _____
City Secretary

Date: _____

END OF DOCUMENT

Project	<u>FM2920 Lift Station Consolidation Phase 1 – 30” Sanitary Sewer</u>	Project Number	<u>2025-04</u>
Owner	<u>City of Tomball</u>		
Project Description			
<p>This project includes the installation of approximately 7,080 linear feet of 30-inch gravity sanitary sewer and 24 fiberglass manholes with watertight covers along Holderrieth Rd and connect to the existing stub-out at the manhole near SH-249 and Holderrieth Rd. The proposed sewer line will extend to a proposed manhole west of the Holderrieth Rd and Calvert Rd ROW. The project will also include all associated work but not limited to clearing and grubbing, SWPPP, dewatering, hydro mulch seeding, ditch re-grading, tree protection, pavement restoration, and traffic control.</p>			
Date Proposals Received	<u>12-5-2024</u>	Proposal Tabulation Attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Recommended Offeror	<u>Pate Garver, LP</u>		
Recommended Amount of Contract Award	\$ <u>5,384,286.50</u>	Project Budget	\$ <u>6,300,000.00</u>
Proposed Project Completion Date	<u>October 2025</u>		
Contract Times meet Owner’s Schedule?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Comments			
<p>A total of 7 bids were submitted for this project. Below is a list of statistics regarding the bids received.</p> <ul style="list-style-type: none"> - Lowest Bid: \$5,384,286.50 - Highest Bid: \$13,648,653.00 - Average Bid: \$7,026,233.53 - Average Bid Excluding Highest Bid: \$5,922,496.95 <p>FNI has evaluated the bid tabulation and Pate Garver has been identified as the lowest responsive and responsible bidder. Their bid package was reviewed for compliance according to the specifications and has been approved. Pate Garver has a solid track record of successfully completing similar projects and has the qualifications and capacity to complete this project.</p> <p>Based on this evaluation, FNI recommends awarding the contract for this project to Pate Garver. Included with this letter is the bid results summary from Civcast, the Tabulation of Offers Received, and the Bid Tabulation.</p> <p><i>Review of the Bids received indicates that the offer of the Recommended Contractor provides the best value to the Owner. A review of the Recommended Contractor’s Statement of Qualifications and a check of the references provided indicates that the Recommended Contractor meets the qualification requirements specified in the Contract Documents and that Recommended Contractor’s previous experience on similar projects has been acceptable. It is recommended that the Project be awarded to the Recommended Contractor in the amount of the Recommended Amount of Contract Award.</i></p>			
Recommended by	<u>Carlos Quintero, PE</u>		Date <u>12-5-2024</u>
Title	<u>Project Manager</u>		
Representing	<u>Freese and Nichols, Inc</u>		

APPARENT LOW BIDDERS

TMB22900 - FM2920 Lift Station Consolidation Phase 1 – 30" Sanitary Sewer

Bid Summary	
Engineers Estimate	\$ 6.3 Million
Total Bids	7
AMLT \$	\$114,295.50
AMLT %	2.12%
Average Bid	\$7,026,233.53

	Bidder	BASE BID
1	Pate Garver, LP <i>Submitted: 12/05/2024 1:25:53 PM</i>	\$5,384,286.50
2	V&S Construction <i>Submitted: 12/05/2024 1:39:03 PM</i>	\$5,498,582.00
3	ISJ Underground Utilities <i>Submitted: 12/05/2024 1:49:12 PM</i>	\$5,594,945.70
4	MC2 Civil, LLC <i>Submitted: 12/05/2024 1:49:17 PM</i>	\$5,998,604.00
5	T Construction LLC <i>Submitted: 12/05/2024 1:19:18 PM</i>	\$6,238,171.00
6	Total Contracting Limited <i>Submitted: 12/04/2024 5:20:19 PM</i>	\$6,820,392.50
7	Harper Brothers Construction <i>Submitted: 12/05/2024 1:45:12 PM</i>	\$13,648,653.00

Bids opened at: 12/05/2024 2:00:38 PM

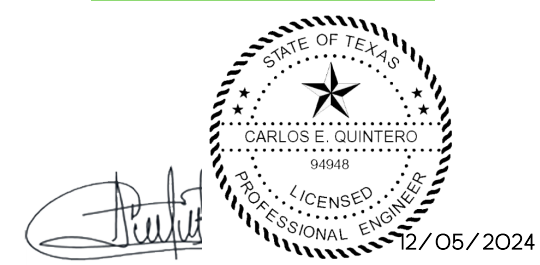
Tabulation of Offers Received

Project	FM2920 Lift Station Consolidation Phase 1 – 30” Sanitary Sewer	Project Number
Owner	City of Tomball	2025-04
Design Professional	Freese and Nichols, Inc	TMB22900

Date 12-5-2024 **Time** 2:00 PM **Location** Virtual Bid Opening

Name of Offeror	Addenda Received	Bid Bond Attached	Base Bid Total	Allowances Total	Extra Work Total	Total Offer Amount
Pate Garver, LP	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$5,244,286.50	\$100,000.00	\$40,000.00	\$5,384,286.50
V&S Construction	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$5,353,582.00	\$100,000.00	\$45,000.00	\$5,498,582.00
ISJ Underground Utilities	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$5,454,945.70	\$100,000.00	\$40,000.00	\$5,594,945.70
MC2 Civil, LLC	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$5,858,604.00	\$100,000.00	\$40,000.00	\$5,998,604.00
T Construction LLC	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$6,098,171.00	\$100,000.00	\$40,000.00	\$6,238,171.00
Total Contracting Limited	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$6,680,392.50	\$100,000.00	\$40,000.00	\$6,820,392.50
Harper Brothers Construction	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$13,508,653.00	\$100,000.00	\$40,000.00	\$13,648,653.00

Item	Description	Unit	Quantity	Pate Garver, LP	Total	V&S Construction	Total	ISJ Underground Utilities	Total	MC2 Civil, LLC	Total	T Construction LLC	Total	Total Contracting Limited	Total	Harper Brothers Construction	Total	Engineer's Estimate	Total
Base Bid																			
Base Bid																			
A-01	Mobilization (Max 3% of Total Contract)	LS	1	\$142,000.00	\$ 142,000.00	\$150,000.00	\$ 150,000.00	\$150,000.00	\$ 150,000.00	\$20,000.00	\$ 20,000.00	\$320,000.00	\$ 320,000.00	\$204,000.00	\$ 204,000.00	\$300,000.00	\$ 300,000.00	\$ 175,000.00	\$ 175,000.00
	Traffic Control (Including Barriers, Barricades, Detour signs,																		
A-02	Temporary Traffic Control, etc)	LS	1	\$14,370.00	\$ 14,370.00	\$10,000.00	\$ 10,000.00	\$20,000.00	\$ 20,000.00	\$10,000.00	\$ 10,000.00	\$15,000.00	\$ 15,000.00	\$600,000.00	\$ 600,000.00	\$25,000.00	\$ 25,000.00	\$ 50,000.00	\$ 50,000.00
A-03	Stormwater Pollution Prevention Plan (SWPPP)	LS	1	\$52,935.00	\$ 52,935.00	\$30,000.00	\$ 30,000.00	\$500.00	\$ 500.00	\$50,000.00	\$ 50,000.00	\$950.00	\$ 950.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
A-04	Clearing and Grubbing	AC	8.5	\$38,605.00	\$ 38,605.00	\$13,000.00	\$ 110,500.00	\$5,000.00	\$ 42,500.00	\$20,000.00	\$ 170,000.00	\$8,500.00	\$ 72,250.00	\$50,000.00	\$ 425,000.00	\$5,000.00	\$ 42,500.00	\$ 8,000.00	\$ 68,000.00
A-05	Hydromulch Seeding	AC	7	\$1,971.00	\$ 13,797.00	\$2,800.00	\$ 19,600.00	\$2,200.00	\$ 15,400.00	\$2,500.00	\$ 17,500.00	\$2,580.00	\$ 18,060.00	\$2,587.50	\$ 18,112.50	\$2,500.00	\$ 17,500.00	\$ 6,750.00	\$ 47,250.00
	Groundwater and Surface Water Control for Open-Cut																		
A-06	Construction, All Depths	LS	1	\$350,506.00	\$ 350,506.00	\$350,000.00	\$ 350,000.00	\$30,000.00	\$ 30,000.00	\$100,000.00	\$ 100,000.00	\$18,500.00	\$ 18,500.00	\$250,000.00	\$ 250,000.00	\$100,000.00	\$ 100,000.00	\$ 200,000.00	\$ 200,000.00
A-07	Trench Safety System	LF	6302	\$1.00	\$ 6,302.00	\$1.00	\$ 6,302.00	\$0.10	\$ 630.20	\$1.00	\$ 6,302.00	\$1.50	\$ 9,453.00	\$15.00	\$ 94,530.00	\$5.00	\$ 31,510.00	\$ 5.00	\$ 31,510.00
A-08	Tree Protection and Replacement	LS	1	\$9,656.00	\$ 9,656.00	\$20,000.00	\$ 20,000.00	\$5,000.00	\$ 5,000.00	\$20,000.00	\$ 20,000.00	\$25,000.00	\$ 25,000.00	\$50,000.00	\$ 50,000.00	\$25,000.00	\$ 25,000.00	\$ 40,000.00	\$ 40,000.00
	Furnish and Install 30-Inch FRP Sanitary Sewer Pipe by Open-Cut (SN46) (All Depths)	LF	3691	\$195.00	\$ 719,745.00	\$230.00	\$ 848,930.00	\$281.00	\$ 1,037,171.00	\$297.00	\$ 1,096,227.00	\$635.00	\$ 2,343,785.00	\$450.00	\$ 1,660,950.00	\$826.00	\$ 3,048,766.00	\$ 400.00	\$ 1,476,400.00
A-10	Furnish and Install 30-Inch FRP Sanitary Sewer Pipe by Open-Cut (SN72) (All Depths)	LF	2611	\$199.00	\$ 519,589.00	\$350.00	\$ 913,850.00	\$287.50	\$ 750,662.50	\$325.00	\$ 848,575.00	\$330.00	\$ 861,630.00	\$450.00	\$ 1,174,950.00	\$1,495.00	\$ 3,903,445.00	\$ 465.00	\$ 1,214,115.00
	Furnish and Install 30-Inch FRP Sanitary Sewer by Trenchless Construction	LF	780	\$2,081.00	\$ 1,623,180.00	\$1,800.00	\$ 1,404,000.00	\$1,205.00	\$ 939,900.00	\$2,500.00	\$ 1,950,000.00	\$925.00	\$ 721,500.00	\$600.00	\$ 468,000.00	\$4,900.00	\$ 3,822,000.00	\$ 1,500.00	\$ 1,170,000.00
A-12	Furnish and Install 5-Foot Diameter FRP Closed-Bottom Riser Manhole with Concrete Base, Including Composite Watertight	LF	166	\$385.00	\$ 63,910.00	\$500.00	\$ 83,000.00	\$1,029.50	\$ 170,897.00	\$1,000.00	\$ 166,000.00	\$1,240.00	\$ 205,840.00	\$4,475.00	\$ 742,850.00	\$1,062.00	\$ 176,292.00	\$ 400.00	\$ 66,400.00
A-13	Covers, 0-20 FT Depth	EA	15	\$36,221.00	\$ 543,315.00	\$37,000.00	\$ 555,000.00	\$74,966.00	\$ 1,124,490.00	\$40,000.00	\$ 600,000.00	\$43,700.00	\$ 655,500.00	\$20,000.00	\$ 300,000.00	\$48,000.00	\$ 720,000.00	\$ 37,500.00	\$ 562,500.00
	Furnish and Install 6-Foot Diameter FRP Closed-Bottom Riser Manhole with Concrete Base, Including Composite Watertight	EA	9	\$57,310.00	\$ 515,790.00	\$60,000.00	\$ 540,000.00	\$102,892.00	\$ 926,028.00	\$66,700.00	\$ 600,300.00	\$52,400.00	\$ 471,600.00	\$36,000.00	\$ 324,000.00	\$95,000.00	\$ 855,000.00	\$ 46,000.00	\$ 414,000.00
	Furnish and Install 6-Foot Diameter FRP Closed-Bottom Riser Manhole with Concrete Base, Including Composite Watertight	VF	70	\$2,022.00	\$ 141,540.00	\$1,100.00	\$ 77,000.00	\$50.00	\$ 3,500.00	\$100.00	\$ 7,000.00	\$890.00	\$ 62,300.00	\$500.00	\$ 35,000.00	\$100.00	\$ 7,000.00	\$ 1,000.00	\$ 70,000.00
A-16	Concrete Pad, Bollards, and Fittings	EA	7	\$7,000.00	\$ 49,000.00	\$13,000.00	\$ 91,000.00	\$14,561.00	\$ 101,927.00	\$7,600.00	\$ 53,200.00	\$19,643.00	\$ 137,501.00	\$20,000.00	\$ 140,000.00	\$14,000.00	\$ 98,000.00	\$ 5,000.00	\$ 35,000.00
A-17	Connect Proposed 30-inch Pipe to Existing Manhole	EA	1	\$7,339.00	\$ 7,339.00	\$5,000.00	\$ 5,000.00	\$13,950.00	\$ 13,950.00	\$10,000.00	\$ 10,000.00	\$12,800.00	\$ 12,800.00	\$10,000.00	\$ 10,000.00	\$71,000.00	\$ 71,000.00	\$ 10,000.00	\$ 10,000.00
	Rehabilitate Existing Manhole, Including Reworking Bench, Manhole Wall Repair, Lining, Adjustment Rings, and Replacing	EA	1	\$26,275.00	\$ 26,275.00	\$20,000.00	\$ 20,000.00	\$25,000.00	\$ 25,000.00	\$17,000.00	\$ 17,000.00	\$10,100.00	\$ 10,100.00	\$5,000.00	\$ 5,000.00	\$21,000.00	\$ 21,000.00	\$ 15,000.00	\$ 15,000.00
A-19	Remove and Replace Concrete Driveway	SY	450	\$171.00	\$ 76,950.00	\$200.00	\$ 90,000.00	\$90.00	\$ 40,500.00	\$120.00	\$ 54,000.00	\$215.00	\$ 96,750.00	\$150.00	\$ 67,500.00	\$303.00	\$ 136,350.00	\$ 175.00	\$ 78,750.00
A-20	Remove and Replace 18-Inch Storm Sewer Pipe, All Depths	LF	50	\$244.00	\$ 12,200.00	\$200.00	\$ 10,000.00	\$157.00	\$ 7,850.00	\$400.00	\$ 20,000.00	\$160.00	\$ 8,000.00	\$250.00	\$ 12,500.00	\$242.00	\$ 12,100.00	\$ 150.00	\$ 7,500.00
A-21	Remove and Replace 24-Inch Storm Sewer Pipe, All Depths	LF	10	\$460.00	\$ 4,600.00	\$250.00	\$ 2,500.00	\$314.00	\$ 3,140.00	\$750.00	\$ 7,500.00	\$280.00	\$ 2,800.00	\$275.00	\$ 2,750.00	\$455.00	\$ 4,550.00	\$ 200.00	\$ 2,000.00
A-22	Remove and Replace 30-Inch Storm Sewer Pipe, All Depths	LF	15	\$698.00	\$ 10,470.00	\$260.00	\$ 3,900.00	\$270.00	\$ 4,050.00	\$800.00	\$ 12,000.00	\$352.00	\$ 5,280.00	\$350.00	\$ 5,250.00	\$356.00	\$ 5,340.00	\$ 250.00	\$ 3,750.00
A-23	Remove and Replace Storm Drain Manhole, All Depths	EA	1	\$2,764.00	\$ 2,764.00	\$5,000.00	\$ 5,000.00	\$30,000.00	\$ 30,000.00	\$9,000.00	\$ 9,000.00	\$7,200.00	\$ 7,200.00	\$10,000.00	\$ 10,000.00	\$11,500.00	\$ 11,500.00	\$ 20,000.00	\$ 20,000.00
A-24	Remove and Replace Type A Inlet	EA	1	\$1,891.00	\$ 1,891.00	\$4,000.00	\$ 4,000.00	\$8,500.00	\$ 8,500.00	\$7,500.00	\$ 7,500.00	\$6,092.00	\$ 6,092.00	\$10,000.00	\$ 10,000.00	\$9,700.00	\$ 9,700.00	\$ 5,000.00	\$ 5,000.00
A-25	Remove and Replace Safety End Treatment	EA	1	\$8,020.00	\$ 8,020.00	\$4,000.00	\$ 4,000.00	\$3,350.00	\$ 3,350.00	\$6,500.00	\$ 6,500.00	\$10,280.00	\$ 10,280.00	\$20,000.00	\$ 20,000.00	\$15,100.00	\$ 15,100.00	\$ 10,000.00	\$ 10,000.00
Sub Totals				\$ 5,244,286.50	\$ 5,244,286.50	\$ 5,353,582.00	\$ 5,353,582.00	\$ 5,454,945.70	\$ 5,454,945.70	\$ 5,858,604.00	\$ 5,858,604.00	\$ 6,098,171.00	\$ 6,098,171.00	\$ 6,680,392.50	\$ 6,680,392.50	\$ 13,508,653.00	\$ 13,508,653.00	\$ 5,822,175.00	\$ 5,822,175.00
Allowances																			
D-01	Allowance for Harris County Permits, Reimbursed on an Actual Cost Basis	ALLOW	1	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
D-02	Allowance for Harris County Flood Control District Permits, Reimbursed on an Actual Cost Basis	ALLOW	1	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
D-03	Allowance for Utility Pole Bracing, Reimbursed on an Actual Cost Basis	ALLOW	1	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
D-04	Allowance for Utility Relocations, Reimbursed on an Actual Cost Basis	ALLOW	1	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Sub Totals				\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Extra Work																			
F-01	Extra Hand Excavation (Min Unit Cost of \$40/CY)	CY	100	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$40.00	\$ 4,000.00	\$ 60.00	\$ 6,000.00
F-02	Extra Machine Excavation (Min Unit Cost of \$10/CY)	CY	100	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$10.00	\$ 1,000.00	\$ 20.00	\$ 2,000.00
F-03	Extra Cement Stabilized Sand (Min Unit Cost of \$100/CY)	CY	100	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$100.00	\$ 10,000.00	\$ 200.00	\$ 20,000.00
F-04	Extra Select Backfill (Min Unit Cost of \$50/CY)	CY	100	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$ 100.00	\$ 10,000.00
F-05	Remove and Replace Gravel Pavement (Min Unit Cost of \$50/SY)	SY	100	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$50.00	\$ 5,000.00	\$ 100.00	\$ 10,000.00
F-06	Remove and Replace 6-10-Inch Waterline Pipe (Min Unit Cost of \$150/LF)	LF	100	\$150.00	\$ 15,000.00	\$200.00	\$ 20,000.00	\$150.00	\$ 15,000.00	\$150.00	\$ 15,000.00	\$150.00	\$ 15,000.00	\$150.00	\$ 15,000.00	\$150.00	\$ 15,000.00	\$ 300.00	\$ 30,000.00
Sub Totals				\$ 40,000.00	\$ 40,000.00	\$ 45,000.00	\$ 45,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 78,000.00
Grand Total				\$ 5,384,286.50	\$ 5,384,286.50	\$ 5,498,582.00	\$ 5,498,582.00	\$ 5,594,945.70	\$ 5,594,945.70	\$ 5,998,604.00	\$ 5,998,604.00	\$ 6,238,171.00	\$ 6,238,171.00	\$ 6,820,392.50	\$ 6,820,392.50	\$ 13,648,653.00	\$ 13,648,653.00	\$ 6,000.00	\$ 6,000.00
																		Subtotal	\$ 6,000.75
																		Contingency 5%	\$ 300,008.75
																		Total w/ Contingency	\$ 6,300,183.75



APPARENT LOW BIDDERS

TMB22900 - FM2920 Lift Station Consolidation Phase 1 – 30" Sanitary Sewer

Bid Summary	
Engineers Estimate	\$ 6.3 Million
Total Bids	7
AMLT \$	\$114,295.50
AMLT %	2.12%
Average Bid	\$7,026,233.53

	Bidder	BASE BID
1	Pate Garver, LP <i>Submitted: 12/05/2024 1:25:53 PM</i>	\$5,384,286.50
2	V&S Construction <i>Submitted: 12/05/2024 1:39:03 PM</i>	\$5,498,582.00
3	ISJ Underground Utilities <i>Submitted: 12/05/2024 1:49:12 PM</i>	\$5,594,945.70
4	MC2 Civil, LLC <i>Submitted: 12/05/2024 1:49:17 PM</i>	\$5,998,604.00
5	T Construction LLC <i>Submitted: 12/05/2024 1:19:18 PM</i>	\$6,238,171.00
6	Total Contracting Limited <i>Submitted: 12/04/2024 5:20:19 PM</i>	\$6,820,392.50
7	Harper Brothers Construction <i>Submitted: 12/05/2024 1:45:12 PM</i>	\$13,648,653.00

Bids opened at: 12/05/2024 2:00:38 PM

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 20, 2025

Topic:

Adopt Resolution Number 2025-01, a Resolution Approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve Public Improvement District Number 10, Improvement Area #3).

Background:

Per Chapter 372 of the Local Government Code, Resolution Number 2025-01 approves the distribution of the Preliminary Limited Offering Memorandum for Raburn Reserve Public Improvement District Number 10, Improvement Area 3 (IA3).

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 the information contained is reviewed by the Underwriter, Bond Counsel, Developer, and City staff to ensure accurate information is published.

Origination: Project Management

Recommendation:

Adopt Resolution Number 2025-01 approving the Distribution of a Preliminary Limited Offering Memorandum for its Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve PID 10, IA3).

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project 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 Meagan Mageo Approved by _____
Staff Member Date City Manager Date

RESOLUTION NO. 2025-01

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TOMBALL, TEXAS APPROVING THE DISTRIBUTION OF A
PRELIMINARY LIMITED OFFERING MEMORANDUM FOR ITS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #3).**

* * * * *

WHEREAS, the City of Tomball, Texas (the “City”) is authorized by law to issue its Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve Public Improvement District Improvement Area #3)(the “Bonds”) as set forth below; and

WHEREAS, the City Council of the City has found and determined that it is in the best interests of the City to authorize preliminary action relating to the issuance of such obligations; and

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

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
TOMBALL, TEXAS**

Section 1. THAT the City’s Financial Advisor, Hilltop Securities, Inc., Bond Counsel, Bracewell LLP, and appropriate staff of the City are hereby authorized and directed to take such action as is necessary to prepare for the sale and issuance of the Bonds to be issued for the purpose of reimbursing or constructing certain public improvements within the Raburn Reserve Public Improvement District, including paying the costs of issuing the bonds and funding certain reserve funds.

Section 2. THAT the form of the Preliminary Limited Offering Document with respect to such Bonds in substantially the form and substance presented at this meeting, is hereby approved, with such changes as may be approved by the City Manager, the City’s Financial Advisor and Bond Counsel prior to the distribution of such document to the bond market.

Section 3. THAT this resolution shall take effect from and after its final date of passage, and it is accordingly so ordered.

PASSED, APPROVED, AND RESOLVED this ____ day of _____ 2025.

Lori Klein Quinn
Mayor

ATTEST:

Tracylynn Garcia
City Secretary

NEW ISSUE

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED JANUARY 21, 2025

THE BONDS ARE INITIALLY OFFERED ONLY TO “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A 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 (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.

\$2,308,000 *

**CITY OF TOMBALL, TEXAS,
(a municipal corporation of the State of Texas located in Harris County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)**

Dated Date: Closing Date (defined below)

Due: September 15, as shown on the inside cover

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve Public Improvement District Improvement Area #3) (the “Bonds”), are being issued by the City of Tomball, Texas (the “City”). Interest on the Bonds will accrue from the Closing Date (defined below). 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, 2025, 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 The Bank of New York Mellon Trust Company, 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 to be adopted by the City Council of the City (the “City Council”), a Master Indenture of Trust (the “Master Indenture”), and the Second Supplemental Indenture (the “Second Supplemental Indenture” and together with the Master Indenture, the “Indenture”), both by and between the City and the Trustee. The Bonds are issued on parity with the initial series of Improvement Area #3 Bonds issued under the Master Indenture and First Supplemental Indenture in 2023 (the “Series 2023 Bonds” and, together with the Bonds and any refunding bonds, the “Improvement Area #3 Bonds”). See “SECURITY FOR THE IMPROVEMENT AREA #3 BONDS.” *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.*

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Improvement Area #3 Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, and (iv) paying the costs of issuance of the Bonds. 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 levied against Assessed Property in Improvement Area #3 of the District, in accordance with a Service and Assessment Plan, and other assets 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 #3 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, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. 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.

THE IMPROVEMENT AREA #3 BONDS, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #3 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 #3 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #3 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 #3 BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE IMPROVEMENT AREA #3 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 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 D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Olson & Olson LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe 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 March 5, 2025 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary, subject to change.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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

CUSIP Prefix: _____ (a)

\$2,308,000*

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix: _____ (a)(b)(c)(d)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix: _____ (a)(b)(c)(d)

* Preliminary, subject to change.

- (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 (“CGS”) and managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS and is not intended to create a database and does not serve in any way as a substitute for the CGS database. 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 maturing on and after September 15, 20 __, 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 prices set forth herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (d) The Bonds are also subject to mandatory sinking fund redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

* Preliminary, subject to change.

4150-8237-4/07.4

**CITY OF TOMBALL, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	<u>Term Expires (May)</u>
Lori Klein Quinn	Mayor	2025
John F. Ford	Council Position 1	2026
Paul Garcia	Council Position 2	2027
Dane Dunagin	Council Position 3	2025
Lisa A. Covington	Council Position 4	2027
Randy Parr	Council Position 5	2026

CITY MANAGER
David Esquivel

ASSISTANT CITY MANAGER
Jessica Rogers

DIRECTOR OF FINANCE
Bragg Farmer

CITY SECRETARY
Tracylynn Garcia

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bracewell LLP

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

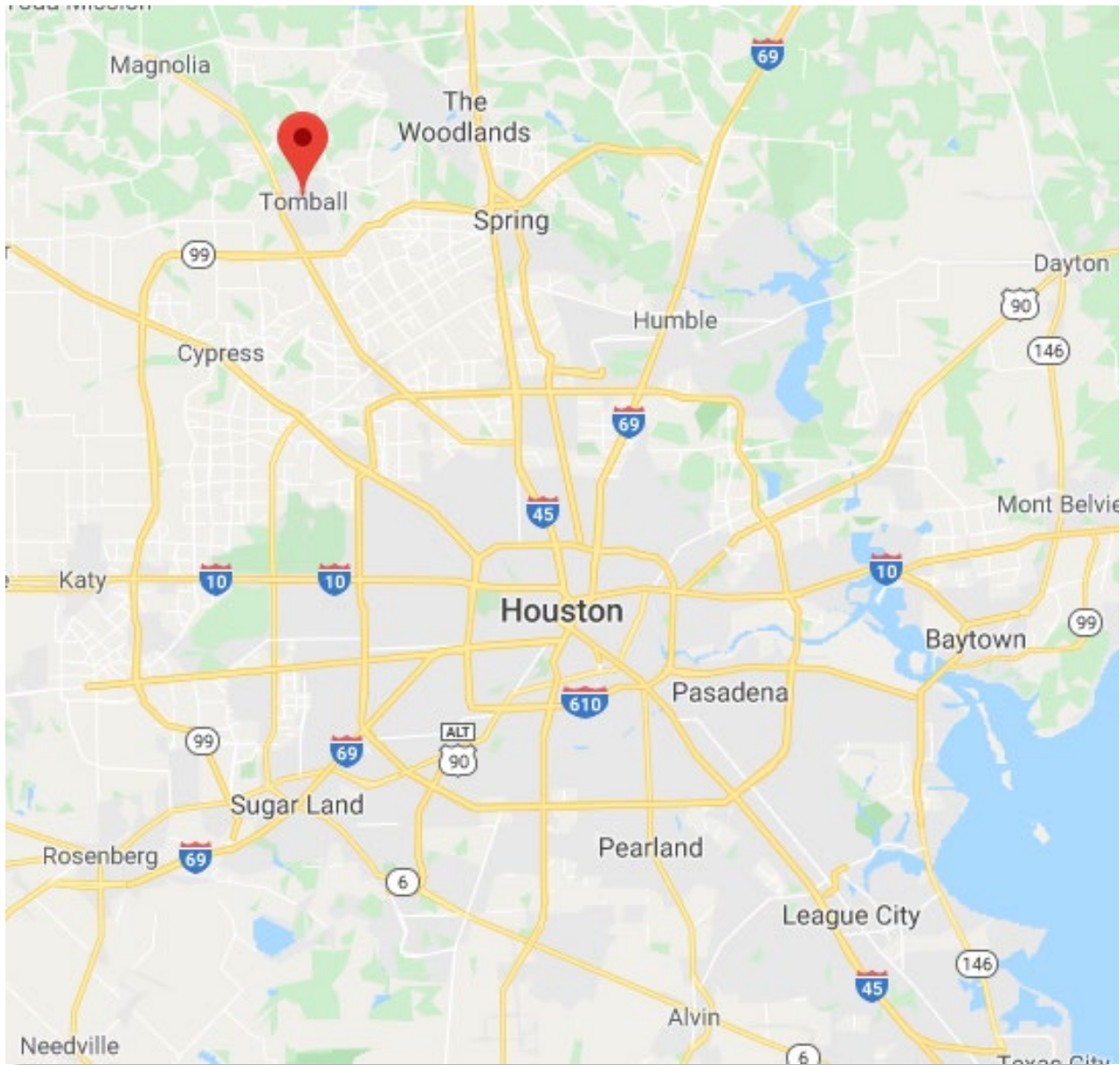
For additional information regarding the City, please contact:

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Director of Finance
City of Tomball
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bfarmer@tomballtx.gov

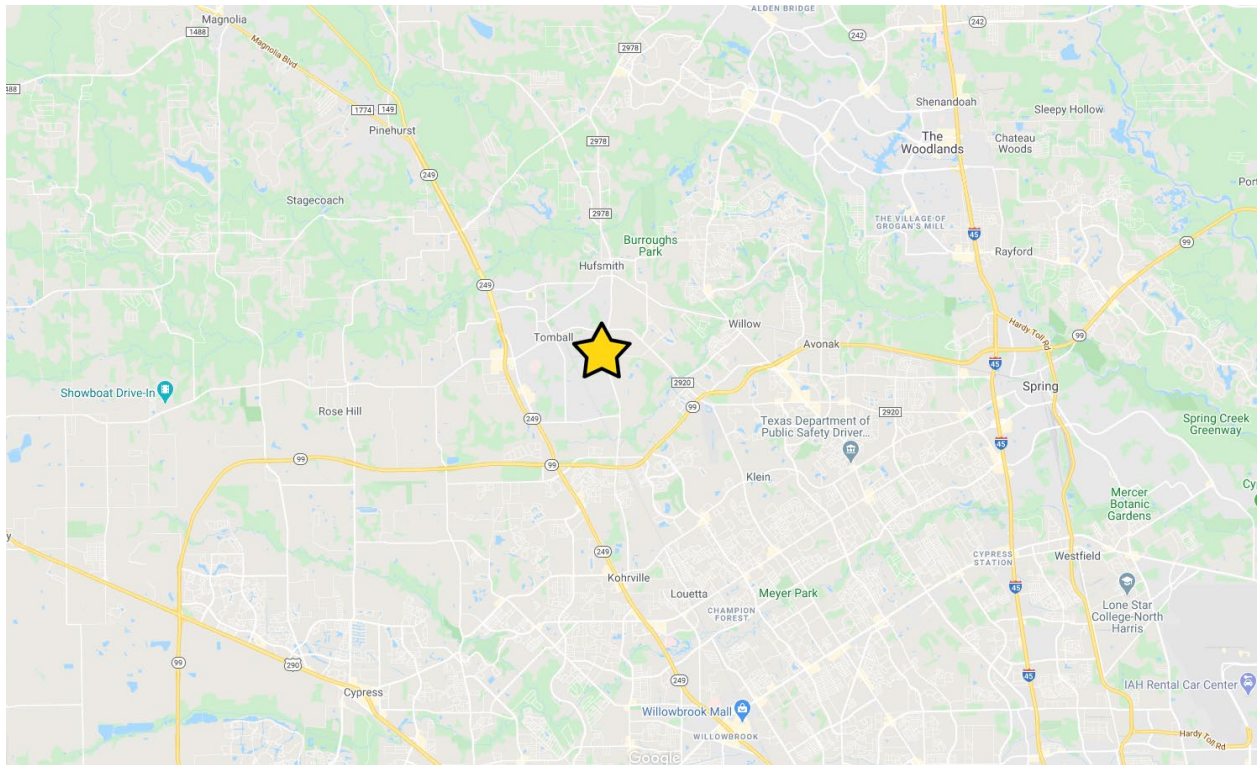
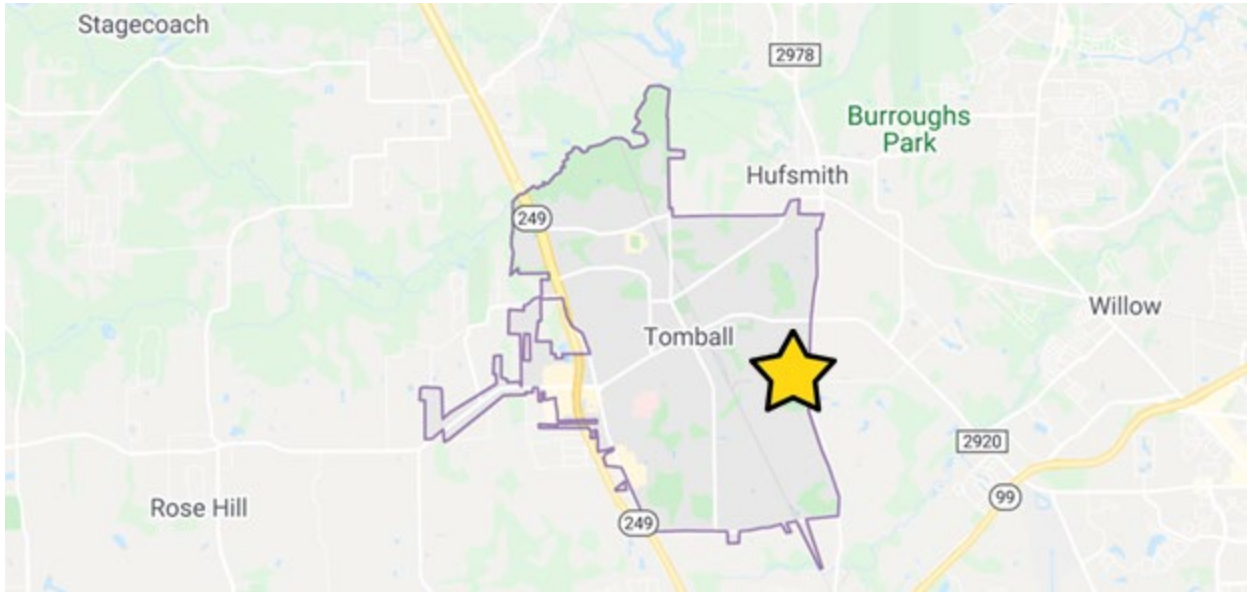
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Jason Hughes
Senior Managing Director
Hilltop Securities Inc.
717 N. Harwood, Suite 3400
Dallas, Texas 75201
(214) 953-8707
jason.hughes@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAPS OF THE DISTRICT



MAP SHOWING BOUNDARIES OF DISTRICT AND IMPROVEMENT AREAS #1, #2, AND #3



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 OR THE DEVELOPER 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.

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

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TABLE OF CONTENTS

INTRODUCTION	1	Collection and Enforcement of Assessment Amounts	29
PLAN OF FINANCE	2	Assessment Amounts.....	30
Development Plan	2	Prepayment of Assessments	30
Status of Builder Contract	2	Priority of Lien	31
Series 2023 Bonds and the Improvement Area #3 Reimbursement Obligation.....	2	Foreclosure Proceedings.....	31
The Bonds.....	3	THE CITY	32
LIMITATIONS APPLICABLE TO INITIAL PURCHASERS	3	Location and Size	32
DESCRIPTION OF THE BONDS	4	Population.....	32
General Description.....	4	City Government	32
Redemption Provisions.....	4	Transportation and Utilities.....	32
BOOK-ENTRY ONLY SYSTEM	6	Water and Wastewater Systems	32
SECURITY FOR THE IMPROVEMENT AREA #3 BONDS.....	9	Education and Health Care.....	33
General	9	City Regulation of Oil and Gas Wells	33
Pledged Revenues.....	9	THE DISTRICT	33
Collection and Deposit of Assessments.....	11	General	33
Unconditional Levy of Assessments	11	Powers and Authority of the City	34
Perfected Security Interest.....	12	THE IMPROVEMENT AREA #3 IMPROVEMENTS.....	34
Pledged Revenue Fund.....	12	General	34
Bond Fund.....	13	The Improvement Area #3 Improvements.....	34
Project Fund	14	Ownership and Maintenance of Improvements.....	36
Redemption Fund	14	THE DEVELOPMENT	36
Bond Reserve Account.....	15	Overview	36
Delinquency and Prepayment Reserve Account	16	Status of Lot Purchase and Sale Agreements	36
Administrative Fund.....	16	Improvement Area #3.....	37
Defeasance.....	17	Photographs of the District	38
Events of Default.....	18	Zoning/Permitting	39
Immediate Remedies for Default.....	18	Amenities	39
Restriction on Owner’s Actions	19	Schools	39
Application of Revenues and Other Moneys After Event of Default	19	Environmental	39
Investment of Funds	20	Utilities.....	39
Against Encumbrances	21	Existing Mineral and Groundwater Rights, Easements, and Other Third-Party Rights.....	39
Conditions Precedent to Issuance of Improvement Area #3 Bonds	21	THE DEVELOPER	40
Additional Obligations or Other Liens	21	General	40
SOURCES AND USES OF FUNDS *	23	Description of the Developer.....	40
DEBT SERVICE REQUIREMENTS FOR THE IMPROVEMENT AREA #3 BONDS	24	History and Financing of the District	41
OVERLAPPING TAXES AND DEBT.....	25	THE PID ADMINISTRATOR.....	42
Homeowners’ Association Dues	26	BONDHOLDERS’ RISKS.....	43
ASSESSMENT PROCEDURES.....	26	General	43
General	26	Deemed Representations and Acknowledgment by Investors.....	44
Assessment Methodology.....	27	Failure or Inability to Complete Proposed Development.....	44
		Completion of Homes.....	44

Absorption Rate.....	44	Litigation – The Developer.....	58
Assessment Limitations.....	45	ENFORCEABILITY OF REMEDIES	59
Bankruptcy	46	NO RATING	59
Direct and Overlapping Indebtedness, Assessments and Taxes	46	CONTINUING DISCLOSURE.....	59
Depletion of Reserve Fund; Delinquency and Prepayment Reserve Account Not Fully Funded	46	The City.....	59
Hazardous Substances	46	The City’s Compliance with Prior Undertakings	60
Regulation	47	The Developer	60
Recent Changes in State Law Regarding Public Improvement Districts.....	47	The Developer’s Compliance with Prior Undertakings	60
Potential Future Changes in State Law Regarding Public Improvement Districts	47	UNDERWRITING	60
Flood Plain and Severe Weather Events.....	48	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE.....	60
Exercise of Third-Party Property Rights	48	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	61
Bondholders’ Remedies and Bankruptcy	48	INVESTMENTS	61
Judicial Foreclosures	50	Legal Investments.....	61
No Acceleration.....	50	Investment Policies.....	62
Limited Secondary Market for the Bonds.....	50	Additional Provisions	63
No Credit Rating	50	INFORMATION RELATING TO THE TRUSTEE.....	63
Bankruptcy Limitation to Bondholders’ Rights	50	SOURCES OF INFORMATION	64
Management and Ownership.....	51	General	64
Tax-Exempt Status of the Bonds	51	Source of Certain Information.....	64
General Risks of Real Estate Investment and Development.....	51	Experts.....	64
Risks Related to the Current Residential Real Estate Market	52	Updating of Limited Offering Memorandum	64
Risks Related to Current Increase in Costs of Building Materials.....	52	FORWARD-LOOKING STATEMENTS.....	65
Risks Related to Exposure to the Oil and Gas Industry.....	52	AUTHORIZATION AND APPROVAL.....	65
Competition	53	APPENDIX A	General Information Regarding the City and Surrounding Areas
Availability of Utilities.....	53	APPENDIX B	Form of Indenture
Dependence Upon Developer and Homebuilder.....	53	APPENDIX C	Form of Service and Assessment Plan
Defaults of Affiliates of Hines.....	54	APPENDIX D	Form of Opinion of Bond Counsel
Chapter 11 Bankruptcy of a Hines- Affiliated General Contractor.....	54	APPENDIX E-1	Form of Disclosure Agreement of Issuer
TAX MATTERS	55	APPENDIX E-2	Form of Disclosure Agreement of Developer
Tax Exemption	55		
Collateral Tax Consequences	56		
Tax Accounting Treatment of Original Issue Premium.....	56		
Tax Accounting Treatment of Original Issue Discount	56		
Tax Legislative Changes	57		
LEGAL MATTERS	57		
Legal Proceedings	57		
Legal Opinions	58		
Litigation – The City	58		

PRELIMINARY LIMITED OFFERING MEMORANDUM

\$2,308,000 *

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)

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 \$2,308,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Raburn Reserve Public Improvement District Improvement Area #3) (the “Bonds”).

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

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 to be adopted by the City Council (the “City Council”) of the City (the “Bond Ordinance”), a Master Indenture of Trust (the “Master Indenture”), and a Second Supplemental Indenture (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), both by and between the City and The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”). The Bonds constitute Improvement Area #3 Bonds under the Master Indenture on parity with the initial series of Improvement Area #3 Bonds issued under the Master Indenture and First Supplemental Indenture in 2023 (the “Series 2023 Bonds”). Payment of the Bonds, the Series 2023 Bonds, and any refunding bonds issued by the City pursuant to the Master Indenture and on parity therewith are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from Assessments levied pursuant to a separate ordinance adopted by the City Council on August 21, 2023 (the “Assessment Ordinance”) against Assessed Property located within Improvement Area #3 of the Raburn Reserve Public Improvement District (the “District”), all to the extent and upon the conditions described herein and in the Indenture. The Bonds, the Series 2023 Bonds, and any refunding bonds issued pursuant to the Master Indenture are together referred to herein as the “Improvement Area #3 Bonds.” See “SECURITY FOR THE IMPROVEMENT AREA #3 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 Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Developer (defined herein), and 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

* Preliminary, subject to change.

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 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.

PLAN OF FINANCE

Development Plan

On December 4, 2019, HT Raburn Reserve Development L.P., a Texas limited partnership (the “Developer”), acquired approximately 105 acres comprising the original boundaries of the District. On December 9, 2020, the Developer acquired an additional approximately 5 acres which were subsequently added to the District. See “THE DEVELOPER – History and Financing of the District.” The Developer is an affiliate of Hines Interests Limited Partnership, a Delaware limited partnership (together with its subsidiaries and affiliates, “Hines”), a Houston, Texas-based privately owned global real estate investment firm founded in 1957 by Gerald D. Hines. See “THE DEVELOPER.”

The Developer has developed the District in three phases, as reflected on the map on page iv. The Developer has completed development of the specific public improvements (the “Improvement Area #1 Improvements”) to serve the first phase of the development (“Improvement Area #1”), the specific public improvements (the “Improvement Area #2 Improvements”) to serve the second phase of the development (“Improvement Area #2”), and specific public improvements to serve the third and final phase of the development (“Improvement Area #3”). The Improvement Area #3 Improvements were accepted by the City on November 8, 2024. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS” and “THE DEVELOPMENT – Overview.”

Status of Builder Contract

The Developer is under contract to sell all 391 Lots in the District to Taylor Morrison of Texas, Inc., a Texas corporation (the “Homebuilder” or “Taylor Morrison”), including all 140 lots in Improvement Area #3. Pursuant to the purchase and sale contract with the Homebuilder, the Homebuilder began purchasing Lots upon substantial completion of the Improvement Area #1 Improvements and, as of December 31, 2024, the Homebuilder had purchased all of the 133 Lots in Improvement Area #1, all of the 118 Lots in Improvement Area #2, and 37 of the 140 lots in Improvement Area #3. The Developer received an earnest money deposit from the Homebuilder equal to \$3,054,688. See “THE DEVELOPMENT” for more information concerning the status of Lot sales and the status of development in the District.

Series 2023 Bonds and the Improvement Area #3 Reimbursement Obligation

The City previously issued the Series 2023 Bonds in the aggregate principal amount of \$3,340,000 for the purposes of, among other things, paying a portion of the costs of the Improvement Area #3 Improvements. The Series 2023 Bonds are secured by the Trust Estate on parity with the Bonds.

The total costs of the Improvement Area #3 Improvements were approximately \$5,601,663, all of which were paid by the Developer. A portion of such costs in the approximate amount of \$2,521,602 was paid to the Developer from proceeds of the Series 2023 Bonds. An additional portion of such costs in the approximate amount of \$1,910,150* is expected to be paid from proceeds of the Bonds. The remaining costs in the approximate amount of \$1,169,911* will not be reimbursed by the City.

In connection with the issuance of the Series 2023 Bonds, the City entered into an amended and restated reimbursement agreement with the Developer (the “Reimbursement Agreement”) to finance a portion of the costs of the Improvement Area #3 Improvements in an amount not to exceed \$2,308,000 (the “Improvement Area #3 Reimbursement Obligation”) not paid with proceeds of the Series 2023 Bonds. Upon issuance of the Bonds and

* Preliminary, subject to change.

payment of the costs of the Improvement Area #3 Improvements as described in the preceding paragraph, the Reimbursement Agreement will terminate.

The Bonds

Proceeds of the Bonds will be used for the purposes of (1) paying or reimbursing a portion of the Improvement Area #3 Costs, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, and (4) paying the costs of issuance of the Bonds. The Bonds are issued on parity with the Series 2023 Bonds. See “SECURITY FOR THE IMPROVEMENT AREA #3 BONDS,” “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” and “APPENDIX B – Form of Indenture.”

Payment of the Improvement Area #3 Bonds (including the Bonds) is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Assessments levied against the Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE IMPROVEMENT AREA #3 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 Bonds are separate and distinct issues of securities from the Series 2023 Bonds and any refunding bonds issued by the City in the future pursuant to the Master Indenture, but the Improvement Area #3 Bonds (including the Series 2023 Bonds and the Bonds) and the refunding bonds, if any, issued under the Master Indenture will be equally and ratably secured by the Trust Estate. No Series 2023 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 promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged, represented, and warranted to the City as follows:

1. The Investor has authority and is duly authorized to purchase the 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 the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
4. The Investor understands that the 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 #3 Improvements, 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 #3 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

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, 2025 (each, an “Interest Payment Date”), until maturity or prior redemption. The Bank of New York Mellon Trust Company, 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.”

Redemption Provisions

Optional Redemption. The City reserves the option to redeem Bonds maturing on or after September 15, 20____, 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 Second Supplemental 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 the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Master Indenture or any other transfers to the Redemption Fund under 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 this subsection 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 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 as provided in this paragraph 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 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 are to be redeemed, Bonds shall 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 the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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 term of 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, in accordance with the Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

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).

Principal, interest, and all other payments 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 principal, interest, and all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of 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, 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 #3 BONDS

General

THE IMPROVEMENT AREA #3 BONDS (INCLUDING THE BONDS) ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #3 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 #3 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #3 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE IMPROVEMENT AREA #3 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #3 BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE "APPENDIX B – Form of Indenture."

The principal of, premium, if any, and interest on the Improvement Area #3 Bonds are secured by a pledge of and a lien upon the Pledged Revenues and other assets of the Trust Estate, consisting primarily of revenues from the Assessments levied against the Assessed Property within Improvement Area #3 of the District, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #3 contains approximately 33.7724 acres within the District. Other than Non-Benefited Property (defined in the Service and Assessment Plan), all of the property within Improvement Area #3 has been assessed. In accordance with the PID Act, the City 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 #3, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of assessments (including the Assessments), and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Improvement Area #3 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 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 #3 Improvements by levying Assessments upon Assessed Property in Improvement Area #3 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 covenanted 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, the "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 Interest" means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of bonds, and the construction, operation, and maintenance of the Improvement Area #3 Improvements, including, but not limited to, costs and expenses for: (1) the Administrator and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to 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; and (8) the paying agent/registrar and Trustee in connection with the issuance of bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means, 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 and related to the Improvement Area #3 Bonds and the Improvement Area #3 Improvements, 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.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessed Property” means all property within Improvement Area #3 and shown in the Assessment Roll against which an Assessment relating to the Improvement Area #3 Improvements is levied in accordance with the Service and Assessment Plan.

“Assessment” means an assessment levied against a Parcel within Improvement Area #3 of the District and imposed pursuant to the Assessment Ordinance and the provisions of the Indenture, and as set forth in the Service and Assessment Plan and shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Indenture and in the PID Act.

“Assessment Roll” means the Improvement Area #3 Assessment Roll attached as an appendix to the Service and Assessment Plan as updated, modified, or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of Improvement Area #3 Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, 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 #3 Bonds.

“Trust Estate” means (i) the Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether

now or hereafter acquired, and (ii) any and all other property or money of every name and nature which is, from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent.

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 Improvement Area #3 Bonds (including the Bonds and the Series 2023 Bonds), as and to the extent provided in the Service and Assessment Plan and the Indenture. See "– 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 Improvement Area #3 Bonds. 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 Improvement Area #3 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 has imposed Assessments on the property within Improvement Area #3 of the District to pay the principal of and interest on the Improvement Area #3 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 and the Service and Assessment Plan. 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 #3 Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within Improvement Area #3 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"). 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, a portion of the Annual Installment assessed and collected each year while the Bonds are Outstanding and unpaid shall be used to pay 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 as part of the Annual Installment 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 against the Assessed Property within Improvement Area #3, 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 #3 that claimed a homestead exemption prior to the levy of Assessments.

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 Improvement Area #3 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 Improvement Area #3 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 #3 Bonds are Outstanding, provided that Pledged Revenues have been received by the City, or if not, then as soon available, beginning February 1, 2026 (with respect to the Bonds), 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, except as otherwise provided below with respect to Additional Interest, Prepayments, and Foreclosure Proceeds, 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 #3 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; and

(iv) *fourth*, 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 (iii) 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 #3 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 as described below.

From time to time as needed to pay the obligations relating to the Improvement Area #3 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, 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 #3 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 #3 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 (i) 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); (ii) 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 (iii) 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 #3 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.

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 #3 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.

Project Fund

Money on deposit in the Improvement Account and Cost of Issuance Account of the Project Fund shall be used for the purposes of (i) paying a portion of the Improvement Area #3 Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, and (iv) paying the costs of issuance of the Bonds.

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 #3 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 #3 Bonds. 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 #3 Improvements, or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #3 Bonds, as directed by the City.

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 #3 Improvements, 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 #3 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.

Upon the filing of a City Certificate stating that all Improvement Area #3 Improvements have been completed and that all Improvement Area #3 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.

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 #3 Bonds pursuant to the extraordinary optional redemption. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Improvement Area #3 Bonds to the date fixed for redemption of the Improvement Area #3 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 #3 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 Master 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 #3 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 Master Indenture, a Bond Reserve Account has been created within the Reserve Fund for the benefit of the Improvement Area #3 Bonds and held by the Trustee and funded with proceeds of the Improvement Area #3 Bonds in the amount of the Bond Reserve Account Requirement. As of the Closing Date, the Bond Reserve Account Requirement is equal to \$_____*. A deposit from proceeds of the Bonds on the Closing Date together with funds currently on deposit in the Bond Reserve Account will equal the Bond Reserve Account Requirement.

The City agrees with the Owners of the Improvement Area #3 Bonds to 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 #3 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 (i) the Principal and Interest Account, (ii) the Redemption Fund, or (iii) 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 #3 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #3 Bond proceeds (including investment earnings on such proceeds).

At the final maturity of the Improvement Area #3 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 #3 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 #3 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 and applied to the payment of the principal of the Improvement Area #3 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 #3 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #3 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #3 Bonds as of such Interest Payment Date.

Whenever Improvement Area #3 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 #3 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

* To be completed upon pricing.

such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #3 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 #3 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 #3 Bonds.

Delinquency and Prepayment Reserve Account

In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund as set forth in the Second Supplemental Indenture, each year, 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 #3 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 #3 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #3 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 #3 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 #3 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 this paragraph.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Master Indenture 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 #3 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 under the Indenture.

Defeasance

All Outstanding Improvement Area #3 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 #3 Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption of said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Improvement Area #3 Bonds to become due on such Improvement Area #3 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 the Improvement Area #3 Bonds to become due on such Improvement Area #3 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #3 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #3 Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #3 Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Master 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 #3 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 #3 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 #3 Bonds to become due on such Improvement Area #3 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 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 Master 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 #3 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 Master 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 #3 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 #3 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 Master Indenture, upon the happening and continuance of any of the Events of Default described above, the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #3 Bonds then Outstanding may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Master 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 in the Master Indenture, 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 #3 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 #3 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #3 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 following an Event of Default, irrespective of and whether other remedies authorized under the Master 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 Master Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 25% of the aggregate principal amount of the Improvement Area #3 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 Master Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers thereinbefore 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 #3 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 #3 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Master Indenture by its, his, or their action or to enforce any right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the registered owners of all Improvement Area #3 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 Master Indenture and to any action or cause of action for the enforcement of the Master Indenture or for any other remedy thereunder.

Subject to provisions of the Master Indenture with respect to certain liabilities of the City, nothing in the Master Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Improvement Area #3 Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Improvement Area #3 Bond issued under the Master 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 #3 Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Master 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 Master 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 Master 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 #3 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 #3 Bonds, or Redemption Price of any Improvement Area #3 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 #3 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 described above, the available funds shall be allocated to the Improvement Area #3 Bonds that are Outstanding in proportion to the quantity of Improvement Area #3 Bonds that are currently due and in default under the terms of the Master 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 Master Indenture or impair any right consequent thereon.

Investment of Funds

Money in any Fund established pursuant to the Master 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 Master 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 Master 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 Master 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 Master 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 in the Master Indenture for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee thereunder, 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 Master Indenture.

The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee under the Master Indenture; 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

Other than Improvement Area #3 Bonds issued pursuant to the terms of the Master Indenture, 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 Trust Estate, or upon any other property pledged under the Master Indenture, except the pledge created for the security of the Improvement Area #3 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #3 Bonds.

So long as Improvement Area #3 Bonds are Outstanding under the Master Indenture, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Improvement Area #3 Bonds authorized as set forth in the Master Indenture, and bonds issued to refund all or a portion of the Improvement Area #3 Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Master Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #3 Bonds.

Conditions Precedent to Issuance of Improvement Area #3 Bonds

Each series of Improvement Area #3 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 #3 Bonds as required by the Master Indenture; and
- (ii) Certificate of the City stating that (A) all conditions precedent to the issuance of the Improvement Area #3 Bonds specified in the Master Indenture and in any Supplemental Indenture have been satisfied, and (B) 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 #3 Bonds.

No Improvement Area #3 Bonds 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 #3 Bonds equals at least 3:1, as determined by the City.

Additional Obligations or Other Liens

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

So long as Improvement Area #3 Bonds are Outstanding under the Master Indenture, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Improvement Area #3 Bonds 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 #3 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #3 Bonds.

Other than bonds issued to refund all or a portion of the Improvement Area #3 Bonds, the City will not create or voluntarily permit to be created any debt, lien, or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Master 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 Master 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 #3 Bonds.

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SOURCES AND USES OF FUNDS *

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

Sources of Funds:	
Principal Amount	\$
TOTAL SOURCES	\$
Use of Funds:	
Deposit to Improvement Account of the Project Fund	\$
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	\$

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

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* To be completed upon pricing.

DEBT SERVICE REQUIREMENTS FOR THE IMPROVEMENT AREA #3 BONDS *

The following table sets forth the anticipated debt service requirements for the Improvement Area #3 Bonds:

Year Ending (September 30)	<u>The Bonds</u>			<u>Outstanding Series 2023 Bonds</u>			<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025				\$ 53,000.00	\$ 194,740.00	\$ 247,740.00	
2026				55,000.00	192,090.00	247,090.00	
2027				57,000.00	189,340.00	246,340.00	
2028				60,000.00	186,490.00	246,490.00	
2029				63,000.00	183,490.00	246,490.00	
2030				65,000.00	180,340.00	245,340.00	
2031				68,000.00	177,090.00	245,090.00	
2032				71,000.00	173,690.00	244,690.00	
2033				74,000.00	170,140.00	244,140.00	
2034				78,000.00	166,440.00	244,440.00	
2035				82,000.00	161,760.00	243,760.00	
2036				87,000.00	156,840.00	243,840.00	
2037				91,000.00	151,620.00	242,620.00	
2038				96,000.00	146,160.00	242,160.00	
2039				102,000.00	140,400.00	242,400.00	
2040				108,000.00	134,280.00	242,280.00	
2041				114,000.00	127,800.00	241,800.00	
2042				120,000.00	120,960.00	240,960.00	
2043				127,000.00	113,760.00	240,760.00	
2044				135,000.00	106,140.00	241,140.00	
2045				142,000.00	98,040.00	240,040.00	
2046				151,000.00	89,520.00	240,520.00	
2047				160,000.00	80,460.00	240,460.00	
2048				169,000.00	70,860.00	239,860.00	
2049				179,000.00	60,720.00	239,720.00	
2050				189,000.00	49,980.00	238,980.00	
2051				201,000.00	38,640.00	239,640.00	
2052				213,000.00	26,580.00	239,580.00	
2053				<u>230,000.00</u>	<u>13,800.00</u>	<u>243,800.00</u>	
Total				\$3,340,000.00	\$3,702,170.00	\$7,042,170.00	
Total							

* To be completed upon pricing.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #3 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.

The City, Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, Tomball Independent School District (“Tomball ISD”), and Harris County Emergency Service District #8 may each levy ad valorem taxes upon land in Improvement Area #3 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 #3 of the District.

Taxing Entity	Tax Year 2024 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.336365
Harris County	0.385290
Harris County Department of Education	0.004799
Harris County Flood Control District	0.048970
Harris County Hospital District	0.163480
Lone Star College System	0.107600
Port of Houston Authority	0.006150
Tomball ISD	1.062900
Harris County Emergency Service District #8	<u>0.097754</u>
Total Current Tax Rate	\$2.213308
Estimated Average Annual Assessment in Improvement Area #3 as a Tax Rate Equivalent	<u>\$0.766743</u> ⁽²⁾
Estimated Total Tax Rate and Average Annual Assessment in Improvement Area #3 as a Tax Rate Equivalent	<u>\$2.980051</u> ⁽²⁾

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

⁽²⁾ Preliminary, subject to change.

As noted above, Improvement Area #3 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 #3 of the District as of January 1, 2025, and City debt to be secured by the Assessments:

Taxing or Assessing Entity	Gross Outstanding Debt as of January 1, 2025	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ⁽¹⁾
The City (the Bonds)	\$ 2,308,000 ⁽²⁾	100.00%	\$ 2,308,000 ⁽²⁾
The City (Series 2023 Bonds)	3,340,000	100.00%	3,340,000
The City (General Obligation)	67,435,000	1.711%	1,153,522
Harris County	2,171,789,039	0.009%	204,967
Harris County Department of Education	28,960,000	0.009%	2,733
Harris County Flood Control District	968,445,000	0.010%	93,296
Harris County Hospital District	65,285,000	0.010%	6,288
Lone Star College District	507,100,000	0.020%	103,258
Port of Houston Authority	406,509,397	1.010%	39,167
Tomball ISD	940,570,000	0.377%	3,541,454
	<u>\$5,161,741,436</u>		<u>\$10,792,685</u>

⁽¹⁾ Based on certified valuations for Tax Year 2024 for the taxing entities and the total estimated buildout value of Improvement Area #3. See “APPENDIX C – Form of Service and Assessment Plan.”

⁽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. 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. None of the property in Improvement Area #3 is currently subject to an agricultural valuation.

Homeowners’ Association Dues

In addition to the Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in Improvement Area #3 of the District will pay a property owner’s association fee annually to a homeowner’s association (the “HOA”) of approximately \$1,045 per year.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #3 Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #3 Improvements and the land within Improvement Area #3 of the District to be subject to Assessments to pay the costs therefor. The City has caused to be prepared the Assessment Roll, that shows the land within Improvement Area #3 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 #3 Improvements and funding the same with Assessments. The City Council adopted the Assessment Ordinance and levied the Assessments on August 21, 2023. Upon such adoption, the Assessments became legal, valid, and binding liens upon the property against which the Assessments were made. Upon the issuance of the Bonds, the Service and Assessment Plan will be updated to reflect the sale of the Bonds.

Under the PID Act, the costs of the Improvement Area #3 Improvements to be defrayed through Assessments may be assessed by the City against the assessable property in Improvement Area #3 of the District so long as the

special benefit conferred upon the Assessed Property by the Improvement Area #3 Improvements equals or exceeds the Assessments. The costs of the Improvement Area #3 Improvements 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 #3 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 #3 as a result of the Improvement Area #3 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #3 Improvements 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 #3 Improvements 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 #3 Improvements entirely to the Assessed Property by spreading the entire Assessment across all Assessed Property based on the ratio of the Estimated Buildout Value of each Assessed Property within Improvement Area #3 to the Estimated Buildout Value for all Assessed Property within Improvement Area #3.

Method of Allocation of Assessments. As set forth in the Service and Assessment Plan, the City Council initially allocated the Assessments to all Assessed Property by Lot Type. All Lots within Improvement Area #3 were determined to be Lot Type 3 Lots. As such, each Lot within Improvement Area #3 was allocated the same Assessment and all Lots within Improvement Area #3 are equally benefited by the Improvement Area #3 Improvements. See “THE DEVELOPMENT – Overview” and Exhibit J, Improvement Area #3 Total Assessment Roll, to “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 this section 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 this section 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 L 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.

The following table provides the initial allocation of Assessments to the Assessed Property in Improvement Area #3.

Expected Allocation of Assessments ⁽¹⁾

Planned Lot Type	Planned Number of Lots ⁽²⁾	Est. Buildout Value per Lot ⁽²⁾	Total Estimated Buildout Value ⁽³⁾	Maximum Assessment per Lot ⁽⁴⁾	Total Assessment per Lot Type	Estimated Average Annual Installments per Lot ⁽⁵⁾	Tax Rate Equivalent per \$100/AV (Completed Homes)
50' x 125'	140	\$450,000	\$63,000,000	\$39,257	\$5,496,000	\$3,450	\$0.766743

⁽¹⁾ Preliminary, subject to change. Derived from information in the Service and Assessment Plan.

⁽²⁾ Provided by the Developer.

⁽³⁾ Obtained from the Service and Assessment Plan.

⁽⁴⁾ Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot within Improvement Area #3 is the amount calculated pursuant to the assessment methodology described in Section V.A of, and shown in Exhibit L to, the Service and Assessment Plan. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁵⁾ Derived from information in the Service and Assessment Plan.

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as 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, 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 and as is practically feasible, notice of the Annual Installments will be sent by, or on behalf of, the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

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

To the extend practically feasible, 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 hereof 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. The Annual Installments for Improvement Area #3 may not exceed the amounts shown on the Assessment Roll. The Assessments were 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 Improvement Area #3 Bonds, the Additional Interest, 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.

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 #3 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 Improvement Area #3 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 Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

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THE CITY

Location and Size

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles.

Population

The Federal Decennial Census information is provided below. The City estimates its 2025 population to be 14,201.

<u>Federal Decennial Census</u>					
<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
2,734	3,996	6,370	9,089	10,753	12,341

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 on July 18, 1933, and first adopted the City's 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.

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 and Surrounding Areas" 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.

Water and Wastewater Systems

The City provides water and wastewater services to an area of approximately 19 square miles. A thorough analysis of historical and projected populations was completed in 2018, and is currently in the process of being updated and finalized, to provide the basis for projecting future utility demands.

The City's water distribution system currently consists of approximately 215 miles of water line, two (2) elevated storage tanks, the Pine Street Water Plant, and the FM 2920 Water Plant. Water is supplied by the City's five groundwater wells, and the distribution system operates on a single pressure plane. Recommendations in the Water Master Plan for improvements to the distribution system to ensure our water system accommodates growth were minimal and indicated no major improvements in the five-year forecast. To ensure adequate supply, the City has been upsizing and replacing current water lines, as well as installing new lines, to improve connectivity and reduce dead-end water lines.

The Wastewater Master Plan served as a guide for 5-year, 10-year, and 25-year improvements to the wastewater collection and treatment system infrastructure, as well as guidance for ongoing inflow and infiltration reduction efforts. The City’s wastewater collection systems consist of two wastewater treatment plants with the collection system divided between the North and South service areas for each plant, and approximately 81 miles of gravity wastewater lines, nine miles of force mains, and ten lift stations. Recommendations in the Wastewater Master Plan for improvements to the collection system to ensure adequate service indicated no major improvements in the five-year forecast. The City has completed a rehabilitation project to one of the basins to limit the amount of infiltration in the collection system, as well as critical improvements to both treatment plants.

Based on the studies completed, the City is more than capable of providing the water and wastewater services needed by the District, and the City does not anticipate any issue with service. The City is currently providing water and wastewater services to the entire District.

Education and Health Care

The City is served by the schools of 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. Tomball ISD operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. See “THE DEVELOPMENT – Schools.”

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. 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 “THE DEVELOPMENT – Existing Mineral and Groundwater Rights, Easements, and Other Third-Party 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. 2019-41 of the City adopted on October 7, 2019, as amended and restated on November 4, 2019, and December 7, 2020 (collectively, 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 #3 Improvements, 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 #3 Improvements. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, reimbursement, 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 #3 IMPROVEMENTS

General

The Developer has developed the District in three phases, as reflected on the map on page iv. The Developer has completed development of the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and the Improvement Area #3 Improvements. The Improvement Area #3 Improvements were accepted by the City in November 2024. The boundaries of the District and Improvement Areas #1, #2, and #3 are shown on page iv.

The Improvement Area #3 Improvements

A portion of the proceeds of the Series 2023 Bonds were used to pay or reimburse a portion of the costs of the Improvement Area #3 Improvements. A portion of the Bonds will be used to pay or reimburse an additional portion of the costs of the Improvement Area #3 Improvements representing payment of the outstanding Improvement Area #3 Reimbursement Obligation. The Improvement Area #3 Improvements are complete, were designed and constructed in accordance with City standards, and have been accepted for ownership and operation by the City. See “PLAN OF FINANCE – Series 2023 Bonds and the Improvement Area #3 Reimbursement Obligation.”

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The following table reflects the total costs of the Improvement Area #3 Improvements.

<u>Improvement Area #3 Improvements</u>	<u>Cost</u>
Street/Excavation and Paving	\$2,048,306
Water	422,687
Wastewater	565,724
Storm Water	743,651
Detention, Clearing, and Grubbing	205,150
Natural Gas	250,000
Soft Costs	<u>1,366,145</u>
Total	\$5,601,663

The costs of the Improvement Area #3 Improvements 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.”

The Improvement Area #3 Improvements consist of the following:

Street Improvements. Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights, and all related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way. 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. Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines will include all necessary appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #3. 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. Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Improvement Area #3. 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. Improvements include earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water control and detention. Improvements also 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 Improvement Area #3. The storm water and drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City, except for detention ponds.

Natural Gas Improvements. Improvements include excavation and embedment, trench safety, plastic piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, and erosion control. These will include the necessary appurtenances to be fully operational to convey natural gas to the limits of Improvement Area #3. 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 #3 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction

management, District Formation Expenses, and contingency.

Ownership and Maintenance of Improvements

All Improvement Area #3 Improvements were designed and constructed in accordance with City standards and will be owned and operated by the City. The HOA owns and maintains the amenities. See “THE DEVELOPMENT – Amenities.”

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor, and the Underwriter, and none of the City, the City’s Financial Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information. See “SOURCES OF INFORMATION – Source of Certain Information.”

Overview

The Development is an approximately 110-acre master planned project that is located within the corporate limits of the City, approximately 27 miles from George Bush Intercontinental Airport and approximately 34 miles from downtown Houston. The Development is located at the east side of South Persimmon Road from Lizzie Lane to Agg Road (renamed Medical Complex Drive). The Development includes common areas, trails, open space areas, and a community pool and playground center.

In December 2019, Developer acquired approximately 103 acres, comprising all of the land in the District at the time. Subsequent to the District’s initial creation, the City abandoned approximately 2 acres of right-of-way property within the boundaries of the District and increased the size of the District to approximately 105 acres. In December 2020, the Developer acquired approximately 5 additional acres adjacent to the District. The City added the additional acreage into the District in December 2020. The Developer was created for the purpose of acting as the developer of the District. See “THE DEVELOPER – History and Financing of the District.”

The Developer has developed the District in three phases, as reflected on the map on page iv. The Developer has completed development of all residential lots in the District. The total costs of the Improvement Area #3 Improvements were approximately \$5,601,663, all of which have been paid.

The Developer’s current expectations regarding estimated home prices and value to lien ratios in Improvement Area #3 are as follows:

Estimated Home Prices in Improvement Area #3 and Value to Lien Ratios

Lot Size	Number of Lots	Base Lot Price ⁽¹⁾	Estimated Home Buildout Value ⁽²⁾	Estimated Improvement Area #3 Maximum Assessment per Lot ⁽³⁾	Estimated Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value of Home Price to Assessment
50’ x 125’	140	\$67,500	\$450,000	\$39,257	1.72 : 1	11.46 : 1

⁽¹⁾ Based on sales prices in the Developer’s purchase and sale agreements with Homebuilder.
⁽²⁾ 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.”

Status of Lot Purchase and Sale Agreements

The Developer is under contract to sell all 391 Lots in the District to the Homebuilder, including all 140 lots in Improvement Area #3. Pursuant to the purchase and sale contract with the Homebuilder, the Homebuilder began

purchasing Lots upon substantial completion of the Improvement Area #1 Improvements and, as of December 31, 2024, the Homebuilder had purchased all of the 133 Lots in Improvement Area #1, all of the 118 Lots in Improvement Area #2, and 37 of the 140 Lots in Improvement Area #3. The Developer received an earnest money deposit from the Homebuilder equal to \$3,054,688 (the “Earnest Money”). The Earnest Money is nonrefundable and has been released to the Developer and is applied to the purchase price of Lots as they are taken down by the Homebuilder. Application of the Earnest Money to the purchase of Lots is secured by a second lien on Lots in the District. As of December 31, 2024, the remaining balance of the Earnest Money deposit was \$860,484.

Improvement Area #3

The Improvement Area #3 Improvements were completed in November 2024. 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 ⁽²⁾	Expected/Actual Lot Sizes	Expected Infrastructure Completion Date	Expected Final Sale Date of Lots to Homebuilder
1	133	50'	Complete	Complete
2	118	50'	Complete	Complete
3	140	50'	Complete	June 2026

⁽¹⁾ Provided by the Developer.

⁽²⁾ The Homebuilder has designated four (4) Lots for model homes.

As of December 31, 2024, the Homebuilder had purchased 37 of the 140 Lots in Improvement Area #3. The Developer expects final takedown to occur in June 2026. As stated in its third quarter report, the Homebuilder expects to complete construction of homes in Improvement Area #3 in December 2026. The Developer expects the Homebuilder to complete home sales in Improvement Area #3 by March 2027.

The Bonds, the Series 2023 Bonds, and refunding 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 #3 BONDS – Additional Obligations or Other Liens.”

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Photographs of the District



Aerial Photo of the District as of November 18, 2024



Community Recreation Area

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. 2019-13, a planned development ordinance created for the District ("PD 12"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with PD 12.

Amenities

The Development includes the following amenities: clubhouse, park, pool, playground, roads lined with trees, and cul-de-sacs. Construction of the amenities was completed in June 2022. The cost of such amenities in the approximate amount of \$2,518,134 was financed by the Developer with equity contributions and private financing. The HOA owns and maintains all amenities.

Schools

The District is located entirely within Tomball ISD. Students in the District are expected to attend Tomball Elementary School (EE – 4) (approximately 3.5 miles from the District), Tomball Intermediate School (5 – 6) (approximately 3 miles from the District), Tomball Junior High School (7 – 8) (approximately 2.9 miles from the District) and Tomball High School (9 – 12) (approximately 3.9 miles from the District).

GreatSchools.org rates Tomball Elementary School an 8-out-of-10, Tomball Intermediate School a 6-out-of-10, Tomball Junior High School a 6-out-of-10, and Tomball High School a 7-out-of-10. According to the Texas Education Agency annual school report cards, Tomball Elementary School was rated "B," Tomball Intermediate School was rated "A," Tomball Junior High School was rated "B" and Tomball High School was rated as "A" for 2021-2022, the last school year for which such information is available. (The categories for public school districts and public schools are A, B, C, and Not Rated (used for various reasons, including failure to achieve a "C" rating)).

Environmental

A Phase I Environmental Site Assessment (the "Phase I ESA") of the District was completed by InControl Technologies in August 2022. The Phase I ESA revealed no evidence of (i) recognized environmental conditions, (ii) historical recognized environmental conditions (with the exception of historical oil/gas activity), or (iii) controlled recognized environmental conditions. The Phase I ESA concluded that the property in the District is suitable for residential use and no further soil sampling was recommended.

The Developer's field inspection reflected there were only four historical oil and gas wells, all of which have been capped.

Utilities

Water and Wastewater Service. The City provides both water and wastewater service to end users within the District. See "THE CITY – Water and Wastewater Systems."

Other Utilities. Additional utilities are provided by: (1) Electric – CenterPoint Energy; and (2) Natural Gas – the City.

Existing Mineral and Groundwater Rights, Easements, and Other Third-Party Rights

Third parties hold title to certain rights applicable to real property within and around the District (the "Mineral Owners"), including reservations of mineral rights and royalty interests and easements (collectively, the "Third-Party Rights") pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. However, the Developer has obtained surface waivers for all but 5 acres that are located within the Improvement Area #3 of the District. In addition, the City has adopted a drilling ordinance which restricts the drilling

of wells within 1,000 feet of a home. The Developer believes that such ordinance prevents drilling within the District, including the 5 acres for which surface waivers have not been obtained. The Developer has the groundwater rights relative to the land within the District.

Although there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City's drilling ordinance regulates 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 Third-Party Rights, or the exercise of such rights or any other third-party 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 – Exercise of Third-Party Property Rights."

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor, and the Underwriter, and none of the City, the City's Financial Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information. See "SOURCES OF INFORMATION – Source of Certain Information."

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 and Homebuilder."

Description of the Developer

Hines is a privately owned global real estate investment, development, and management firm, founded in 1957, with a presence in 255 cities in 27 countries and \$83.6 billion of investment assets under management and more than 138.3 million square feet of assets for which Hines provides third-party property-level services. Currently, Hines has 171 developments underway around the world, and historically, has developed, redeveloped, or acquired 1,486 properties, totaling over 492 million square feet. The firm's current property and asset management portfolio includes 634 properties, representing over 243 million square feet. With extensive experience in investments across the risk spectrum and all property types, and a foundational commitment to environmental, social, and governance (ESG) standards, Hines is one of the largest and most respected real estate organizations in the world.

Hines has developed single-family communities since 2005, beginning with the purchase of over 600 acres in Las Colinas. Hines has more than 64 years of development experience in Texas and has nearly two decades of experience developing single-family communities. Since 2005, 20 communities and more than 10,000 lots have been completed with over 20,000 additional lots currently under development in 26 different communities across Hines' Southwest region. Four of the Dallas-Fort Worth communities developed by Hines have used public improvement district financing, including communities in Irving, Las Colinas, and Royse city. Hines has been developing lots in

the Houston area since 2014, and currently has 5 active communities in Katy, Spring, the Heights, Rosenberg, and Iowa Colony representing more than 5,000 lots and more than 20 builders. See “BONDHOLDERS’ RISKS – Dependence Upon Developer and Homebuilder.”

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 approximately 105 acres of real property comprising the initial boundaries of the District in December 2019 for \$6,459,003. In December 2020, the Developer purchased an additional approximately 5 acres (the “5-acre Purchase”) for \$250,000. Except for the liens securing the Development Loan (defined below) and a second lien securing the Homebuilder’s Earnest Money deposits, the Developer owns the Assessed Property free and clear of any liens.

The Development Financing. The Developer obtained an approximately \$13,500,000 construction/development loan (the “Original Loan”) from Texas Capital Bank (the “Original Lender”) for the purpose, among other things, of paying taxes, insurance, and certain of the costs associated with the development of the District. As part of the 5-acre Purchase, the Developer converted the Original Loan to a revolving facility with a capacity of \$10,000,000.

On September 28, 2022, the Developer obtained a \$9,500,000 loan (the “Development Loan”) from Third Coast SSB (the “Development Lender”) for the purposes, among other things, of refinancing the Original Loan and paying costs associated with the development of the District. The Development Loan is a “net/gross” loan, which means that (i) the unpaid principal amount of the note shall at no time exceed \$9,500,000, and (ii) the aggregate principal amount of all advances under the Development Loan shall not exceed \$15,643,750. The rate of interest on the Development Loan is equal to the greater of four percent (4.00%) per annum or the prime rate, such rate to be determined daily.

The Development Loan matures on September 28, 2025, subject to extension at the option of the Developer. As of December 31, 2024, the Development Loan had a balance of approximately \$2,593,996 and the aggregate principal amount of advances under the Development Loan was \$9,812,103.

The Developer intends to repay the Development Loan from, among other things, the revenue generated from sales of the lots developed in the District and sold to the Homebuilder. The Development Loan is secured by a first lien deed of trust covering substantially all of the land in the District in favor of the Development Lender. In the event of a default under the Development Loan and/or related documents, the Development Lender will have the right to various remedies, including foreclosure of the deed of trust.

The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Prior to delivery of the Series 2023 Bonds, the Development Lender acknowledged the creation of the District, the levy of the Assessments in Improvement Area #3, and the subordination of the liens securing its loan to the Assessment Lien. The Assessment Lien has priority over the liens on the property within Improvement Area #3 securing the Development Loan, Earnest Money, and any other loans that may be obtained by the Developer or its affiliates.

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Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. 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 promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the assessments securing the Improvement Area #3 Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the assessments securing the Improvement Area #3 Bonds is listed in the following table and more fully described in the subheadings below.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Improvement Area #3 Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Initial Amount	Outstanding Balance ⁽¹⁾
Developer	Developer Equity	Land Purchase	None	Subordinate	\$4,208,754	\$0
Taylor Morrison	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$3,054,688	\$860,484
Third Coast SSB	Development Loan	Land Development	Lien on real property within the District	Subordinate	\$9,500,000 ⁽²⁾	\$2,593,996

⁽¹⁾ As of December 31, 2024.

⁽²⁾ The maximum amount of principal that can be outstanding at one time is \$9,500,000. The total amount of principal available under the loan is \$15,643,750.

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, Houston, and North Richland Hills, Texas.

The Administrator’s duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for County billing and collection
- Establishing and maintaining a database of all County parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquires
- Determination of prepayment amounts
- Preparation and review of disclosure notices with the dissemination agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

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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 IMPROVEMENT AREA #3 BONDS, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #3 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 #3 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 ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #3 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE IMPROVEMENT AREA #3 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #3 BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE "SECURITY FOR THE IMPROVEMENT AREA #3 BONDS."

General

The ability of the City to pay debt service on the Improvement Area #3 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 Improvement Area #3 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 #3, (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 Improvement Area #3, 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 Improvement Area #3 is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Improvement Area #3 should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Improvement Area #3 Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #3. 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 Investors

Each purchaser of Bonds (each an “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 of 1933), 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.

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 ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #3 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 Homes

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

Absorption Rate

There can be no assurance that the Developer or the Homebuilder will be able to achieve their 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 not a homebuilder and will not be involved in the construction of homes within the District. Consequently, the Developer will not be able to affect or control the absorption rate of homes within the District.

Assessment Limitations

Annual Installments of the Assessments are billed to property owners in Improvement Area #3 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 Improvement Area #3 Bonds maturing in each year, Annual Collection Costs, and the Additional Interest. 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 Improvement Area #3 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 Improvement Area #3, the City has established a Bond Reserve Account in the Reserve Fund, to be funded from the proceeds of the Improvement Area #3 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 #3, 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 pre-existing 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 Pre-existing Homestead Rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer represented that it owned all property within Improvement Area #3 of 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 Improvement Area #3 Bonds.

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE ASSESSED PROPERTY, 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 ASSESSED PROPERTY LOCATED WITHIN IMPROVEMENT AREA #3.

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 Improvement Area #3 Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within Improvement Area #3 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 Improvement Area #3 currently impose ad valorem taxes on the property within Improvement Area #3 and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #3. 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; Delinquency and Prepayment Reserve Account Not Fully Funded

Failure of the owners of property within Improvement Area #3 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 Improvement Area #3 Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not fully funded from the proceeds of the Improvement Area #3 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 #3 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 #3 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 Improvement Area #3 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 Improvement Area #3 does not take into account the possible liability of the owner for the remedy of a hazardous substance condition of the 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 Improvement Area #3 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. The actual occurrence of any 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 Phase One ESA performed on property within the District.

Regulation

Development within Improvement Area #3 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 Improvement Area #3, 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 Improvement Area #3 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 the Homebuilder does not provide the required notice and prospective purchasers of property within Improvement Area #3 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 may 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 the Homebuilder does not provide the required notice and becomes 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 forms of notice to be provided to homebuyers are attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See “APPENDIX C – Form of Service and Assessment Plan.”

Potential Future Changes in State Law Regarding Public Improvement Districts

During past 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. 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.

Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency's flood map 48201C0230L, effective on June 18, 2007, none of the District is located within the 100-year flood plain.

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 Third-Party Property Rights

As described herein under "THE DEVELOPMENT – Existing Mineral and Groundwater Rights, Easements and Other Third-Party 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 Improvement Area #3 of 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 Improvement Area #3 or sell property within Improvement Area #3 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 Improvement Area #3 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 State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the 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 State courts. In general, State 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. State 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 Improvement Area #3 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 property 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 State 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. 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 ability of the Homebuilder to sell single-family residential homes within Improvement Area #3 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 homes in the Development, or its attraction to 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.

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

The real estate market is currently experiencing a slowing of new home sales and new home closings due in part to rising inflation and mortgage interest rates. Downturns in the real estate market and other factors beyond the control of the Developer and the Homebuilder, including general economic conditions, may impact the timing of lot and home sales within Improvement Area #3. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

Risks Related to Current Increase in Costs of Building Materials

As a result of low supply and high 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. If the costs of material continue to increase, it may affect the ability of 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.

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.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. In March of 2023, UBS agreed to acquire the

troubled Credit Suisse, and troubled First Republic Bank received a \$30 billion rescue package from 11 of the biggest U.S. banks in an effort to prevent its collapse; however, on May 1, 2023, the FDIC seized First Republic Bank and sold its assets to JPMorgan Chase & Co.

Although a statement by the Department of the Treasury, the Federal Reserve, and the FDIC stated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts.

If the Developer is unable to access funds pursuant the Development Loan with the Development Lender, the Developer’s ability to enter into new commercial lending arrangements to complete the Development could be adversely affected. If the Homebuilder uses a line of credit or other financial instrument to finance home construction and is unable to access funds under such line of credit or other financial instrument, the Homebuilder’s ability to take down lots and complete homes could be adversely affected. Additionally, confidence in the safety and soundness of regional banks specifically, or the banking system generally, could impact where customers choose to maintain deposits, which could materially adversely impact the Developer’s and the Homebuilder’s liquidity and access loan funding capacity, and results in an impact to operations. Similar impacts to the development industry have occurred in the past.

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	Developer	Date Started	Prices
Cherry Pines	295	0	3 Miles	Meritage	3 rd Quarter 2020	From \$350-\$400s
Alexander Estate	251	0	~1.1 miles	Doug Eisben	4 th Quarter 2020	From \$350-\$450s
Willowpoint	154	5	~1.6 miles	K. Hovnanian	4 th Quarter 2016	From \$350-\$450s

⁽¹⁾ Provided by the Developer. All of such projects are located either in a public improvement district or municipal utility 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 Homebuilder will not purchase lots to construct homes. See “THE DEVELOPMENT – Utilities.”

Dependence Upon Developer and Homebuilder

Initial Liability for Assessments. The Developer and the Homebuilder, as the sole owners of Assessed Property within Improvement Area #3, have the obligation for the payment of all of the Assessments. The Developer is under contract to sell all of the Lots within Improvement Area #3 to the Homebuilder, and as of December 31, 2024, 37 of the 140 Lots within Improvement Area #3 had been purchased by the Homebuilder. Until the Developer closes on the sale of the remaining lots to the Homebuilder, and until the Homebuilder closes on the sale of its lots to homebuyers, the ability of the Developer and the Homebuilder, respectively, 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

Improvement Area #3 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.

Defaults of Affiliates of Hines

During the past ten years, affiliates of Hines Interests Limited Partnership have transferred three (3) U.S. properties to the lender via a negotiated transfer by non-judicial foreclosure due to failure to make payments on the applicable loan.

The Sheraton Georgetown Texas Hotel and Conference Center (2020). Hines and a partner developed a 222-room hotel including a 35,000-square-foot conference center and three-level parking garage which opened in 2016. Woodforest National Bank provided senior financing for the hotel and mezzanine financing was provided by Hospitality Fund of Central Texas, LLC. The senior note was later purchased by an affiliate of Black Forest Ventures. The onset of the COVID-19 pandemic resulted in a dramatic decrease in room bookings and revenue from the hotel to the point debt service obligations could no longer be met. Hines and its partner successfully negotiated the terms of a debt-to-equity conversion with the mezzanine lender but were unable to negotiate an acceptable loan restructuring with the senior lender, Black Forest Ventures, who took title to the property through a non-judicial foreclosure in November 2020.

Greenspoint Place (2016). Hines and a partner purchased the 2.1 million square foot office campus in north Houston in 1994 and 1996. From the time the property was acquired, the major tenant was Exxon who occupied 67% of the office space in addition to owning a 200,000 square foot office building adjacent to the campus. In 2011, Exxon announced that it was building a new campus and elected to phase out of its occupancy at Greenspoint Place. Leasing the space vacated by Exxon proved to be very challenging, particularly given the economic environment in Houston. Hines and its partner were unable to either refinance the loan on the property or agree on a loan restructuring with the lender, Northwestern Mutual, prior to maturity. Title was transferred through a non-judicial foreclosure on July 5, 2016. Northwestern Mutual retained Hines to manage the property following the foreclosure.

Chapter 11 Bankruptcy of a Hines-Affiliated General Contractor

In February 2018, Urban Oaks Builders (“UOB”), a Hines-affiliated general contractor, along with other Hines-affiliated entities (“Hines Affiliates”) were sued by affiliates of Southstar Capital Group (“Southstar”), the purchaser of a multifamily project developed by Hines in Celebration, Florida, alleging the existence of certain construction defects and the concealment of those defects prior to the sale of the project (the “Southstar Litigation”). None of UOB nor the Hines Affiliates, or any persons employed by those entities, had any knowledge of the alleged defects. Consequently, UOB and the Hines Affiliates vigorously defended themselves against these claims. The Southstar Litigation, as it relates to UOB, was consolidated with UOB’s Chapter 11 bankruptcy proceedings and a related coverage action filed by UOB against its insurance carriers, both of which were a result of the Southstar Litigation. The bankruptcy court found no evidence of fraud on the part of UOB but ruled that Southstar’s claim for damages for repairs relating to the alleged construction defects was valued at \$26.1 million plus interest.

UOB immediately demanded that the carriers pay this judgment on its behalf, a covered loss well within policy limits. Thus far, the carriers have refused. In response, they have raised multiple legal arguments, the resolution of which would have a fundamental impact on how the loss would be spread among the carriers in the insurance tower. However, none of these arguments have any bearing on coverage of the UOB judgment, which the carriers have never disputed. Accordingly, UOB has made repeated demands that the carriers settle with Southstar on UOB’s behalf and continue their intramural dispute separately since the carriers’ infighting has caused multiple mediations to be unsuccessful. Recognizing the insurance dispute as the primary hurdle to recovery, Southstar agreed to abate the Southstar Litigation as it relates to UOB until the conclusion of the insurance coverage litigation. In late 2021, the UOB and the Hines Affiliates filed motions for summary judgment against the carriers to force the legal questions at issue to a decision. In Q1 2022, the Court ruled on several of these issues, adopting UOB and the Hines Affiliates’ view of the insurance policies. As expected, this ruling has caused discussion among some of the upper-tier carriers about another global mediation. A mediation among all parties, including Southstar, took place on September 20, 2022. Though a settlement was not reached, discussions with the carriers are ongoing.

All the while, Southstar continued its pursuit of a lawsuit in Florida state court solely against the Hines Affiliates primarily relating to Southstar's allegation (disproven once already in the UOB proceeding) that Hines was aware of defects at the project but concealed them from Southstar prior to the sale. Notably, the trial court dismissed Southstar's claims against the Hines entities twice, the final time after being given opportunity to amend its pleadings. An appellate court affirmed the trial court's dismissal and granted the Hines Affiliates their attorney's fees.

While the Developer, UOB, and the Hines Affiliates are under common control of Hines, UOB and the Hines Affiliates do not own property in the District and are not associated with the development or with the Bonds. The Developer does not expect the Southstar Litigation to have any material adverse effect on the ability of the Developer to develop and sell the Lots in the District.

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 (i) 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 (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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 and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, 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.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, 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, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also 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.

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

If the issue price of all or a portion of the Bonds exceeds the stated redemption price payable at maturity, 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

If the issue price of all or a portion of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “Original Issue Discount Bonds”), 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," "– Series 2023 Bonds and the Improvement Area #3 Reimbursement Agreement," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE IMPROVEMENT AREA #3 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.

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 – Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the 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 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 #3 and the Improvement Area #3 Improvements (collectively, the "Developer Reports"). The specific nature of the information to be contained in the Developer Reports is set forth in "APPENDIX E-2 – Form of Disclosure Agreement of Developer." Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of 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 City is not a party to the Disclosure Agreement of the Developer and has no responsibilities thereunder.

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 \$___). 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.

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 The Bank of New York Mellon Trust Company, 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.

Additional information about the Trustee may be found at its website at www.bnymellon.com. Neither the information on the Trustee’s website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #3 Improvements generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Development Plan" and "– Status of Builder Contract," "THE IMPROVEMENT AREA #3 IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #3 Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developer," and "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in 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.

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

In the Bond Ordinance, the City will approve the form and content of this Preliminary Limited Offering Memorandum and authorize the 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 AND SURROUNDING AREAS

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles. The City’s 2020 population was 12,341. The City estimates its 2025 population to be 14,201.

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 the City’s 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 Annual Employment in Houston – The Woodlands – Sugar Land Metropolitan Statistical Area

The following information has been provided for informational purposes only.

	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	3,751,810	3,621,778	3,512,744	3,437,621	3,401,400
Total Employed	3,584,532	3,469,061	3,362,820	3,220,354	3,106,692
Total Unemployed	167,278	152,717	149,924	217,267	294,708
<u>Unemployment Rate</u>	4.5%	4.2%	4.3%	6.3%	8.7%

⁽¹⁾ As of October 2024.

Source: Texas Workforce Commission

Major Employers in the City

The major employers in the City for 2023 are set forth in the table below.

<u>Employer</u>	<u>Employees</u>
Tomball ISD	2,800
HCA (prev. Tomball Regional Medical Center)	1,500
Lone Star College – Tomball	601
H-E-B	390
Walmart	280
City of Tomball	254
Lowes	250
Kroger	132
Houston Poly Bag, Ltd.	120
Target	107

Source: The City’s Annual Comprehensive Financial Report Fiscal Year Ended September 30, 2023

REGIONAL EMPLOYMENT

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

City of Jersey Village (2022) Approximately 20 miles		City of Conroe (2023) Approximately 28 miles		City of Houston (2021) Approximately 32 miles		The Woodlands Township (2021) Approximately 18 miles	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Jersey Village High School	315	Conroe ISD	5,776	Memorial Hermann Healthcare System	35,360	Conroe ISD	4,596
Joe Myers Toyota	215	Montgomery County	3,170	Wal-Mart	29,797	Memorial Hermann The Woodlands Hosp.	2,974
Joe Myers Ford	175	HCA Houston Healthcare Conroe	990	H-E-B	29,657	St. Luke’s Health	1,857
Sonic-LS Chevrolet	150	City of Conroe	946	Houston Methodist	26,098	Houston Methodist, The Woodlands Hosp.	1,850
Sam’s East Inc.	149	Steris	690	Univ. of TX MD Anderson Cancer Center	21,576	Alright Solutions	1,530
City of Jersey Village	148	National Oilwell Varco	690	HCA Houston Healthcare	15,000	Lone Star College	1,362
Post Elementary School	117	Tri-County Behavioral Healthcare	422	Kroger Company	14,868	Texas Children’s Hospital	1,148
Foundry Methodist	65	Wal-Mart Supercenter	387	ExxonMobil	13,000	Chevron Phillips Chemical	1,070
CEMEX	62	Consolidated Communications	332	United Airlines	11,900	Woodforest National Bank	1,029
Champion Forest Baptist	37	McKesson	287	Schlumberger Limited	11,700	Entergy Texas	977

City of Katy (2023) Approximately 20 miles	
Employer	Employees
Katy Mills	2,800
Katy ISD	2,585
Amazon	1,500
Igloo	1,250
Typhoon Texas	1,140
HEB Grocery/Gas	432
Wal-Mart	363
Southern Glazers Wine	334
Costco	317
Buc-ee’s	298

Source: Municipal Advisory Council of Texas (employment data).
 Note: Map is not to scale and has been edited for ease of use.

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 ISSUER

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APPENDIX E-2
FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 20, 2025

Topic:

Approve a services agreement renewal with Source Point Solutions, LLC to provide vector services and regular maintenance of sewer components for a total not-to-exceed amount of \$160,000, approve the expenditure of funds therefor, and authorize the City Manager to execute any and all documents related to the purchase. This expenditure is included in the Fiscal Year 2024-2025 Budget.

Background:

Source Point Solutions, LLC is a Tomball based company that provides vector services and regular maintenance of sewer components for the City of Tomball’s wastewater facilities including the treatment plants and city-owned lift stations. Source Point Solutions performs maintenance of sewer systems components including lift station wet wells, aeration basins, chlorine contact basins, digesters, and sanitary sewer overflows (SSO) on an as-needed basis.

The original services agreement was executed in January 2020, as part of the award for bid number 2019-09, with five additional one-year renewals. Based on the City’s adopted Procurement Policy, staff is requesting a services agreement renewal, with no price increase on services, with Source Point Solutions, LLC to perform requested vector service and maintenance of sewer components for a not-to-exceed amount of \$160,000. The requested renewal will be the final renewal available.

The services agreement renewal will include vector services for the lift stations and treatment plants on an as needed basis based on the renewal pricing submitted below.

Description	Cost Per Gallon	Estimated Annual Cost
Cost per Gallon for Vector Services – Normal Business Hours	\$1.28	\$125,000
Cost per Gallon for Vector Services – Outside Normal Business Hours	\$1.50	\$10,000
Minimum Service Chage for less than 1,250 gallons	\$1.28	\$5,000
Large Vector Services (lift station wet wells, aeration basins, chlorine contact basins, etc.)	\$1.28	\$20,000
Estimated Annual Contract: \$160,000 per year		

Origination: Project Management

Recommendation:

Staff recommends approving a services agreement renewal with Source Point Solutions, LLC to perform vactor services and regular maintenance of sewer components on an as-needed basis for a not-to-exceed amount of \$160,000.

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project 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: #600-614-6207

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

Signed Meagan Mageo
Staff Member _____
Date _____

Approved by _____
City Manager _____
Date _____

P.O. Box 280
Tomball, TX 77377

13. CONTRACT ADMINISTRATOR

This Agreement shall be administered on the City's behalf by the Project Manager, and all notices, questions, or documentation, arising under this Agreement shall be addressed to the Project Manager at:

City of Tomball, Texas
Attn: Project Manager
501 James Street
Tomball, Texas 77375

AGREED to and ACCPETED this 13th day of January, 2025.

Wastewater Transport Services
Company


Signature

Miller Boyle
Print Name

Operations Manager
Title

City Council Meeting Agenda Item Data Sheet

Meeting Date: January 20, 2025

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. 551.072 – Deliberations regarding Real Property

Background:

Origination: David Esquivel, City Manager

Recommendation:

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

David Esquivel, City Manager