

CITY OF LAVON, TEXAS

ORDINANCE NO. 2023-07-01

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS, PROVIDING FOR SEVERABILITY; APPROVING REIMBURSEMENT AGREEMENTS AND AN AGREEMENT WITH BEAR CREEK SPECIAL UTILITY DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lavon, Texas (the "City") is authorized by Chapter 372, Texas Local Government Code, as amended (the "PID Act") to create a public improvement district and to levy special assessments against property within the district to pay the costs of public improvement projects that confer a special benefit on property within the district;

WHEREAS, on or before September 21, 2021, there was submitted to and filed with the City Secretary of the City pursuant to the PID Act that certain "Petition for the Creation of a Public Improvement District by the City of Lavon, Texas, for the Trails of Lavon Development" (the "Petition") requesting the establishment of a public improvement district covering approximately 190.774 acres described in the Petition, and to be known as "Trails of Lavon Public Improvement District" (the "District");

WHEREAS, the City Council of the City (the "City Council") received the Petition and determined that it satisfied the requirements of the PID Act;

WHEREAS, after providing the notices required by the PID Act and by the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended (the "Open Meetings Act"), on October 19, 2021 the City Council opened, conducted and closed the public hearing, to determine the advisability of creating and establishing the District and undertaking the public improvement projects described in the Petition;

WHEREAS, all owners of property located within the District and all other interested persons were given the opportunity at such public hearing to speak for or against the creation of the District and the proposed public improvements;

WHEREAS, the City Council made findings based on the information contained in the Petition presented to the City Council and the comments received at the public hearing;

WHEREAS, the City Council adopted Resolution No. 2021-10-03 on October 19, 2021 (the "Authorization Resolution"), authorizing the creation of the District and ordering public improvements to be made for the benefit of such District; and

WHEREAS, the City filed the Authorization Resolution with the County Clerk of Collin County, which is the county in which all of the District is located, as required by law; and

WHEREAS, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the City Secretary of the City (the "City Secretary") within twenty (20) days after October 19, 2021; and

WHEREAS, on June 6, 2023, the City Council adopted a resolution determining total costs of certain authorized public improvements, approving a preliminary service and assessment plan, including the proposed assessment roll, authorizing and directing the City Secretary to file the proposed assessment roll for the District and make the assessment roll available for public inspection, and directing the publication and mailing of notice of a public hearing (the "Assessment Hearing") to consider an ordinance levying assessments on property within the District (the "Assessments"); and

WHEREAS, the City Secretary filed the proposed Assessment Roll (defined below) and made the same available for public inspection; and

WHEREAS, the City Secretary, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Assessment Hearing to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Secretary, pursuant to Section 372.016(b) of the PID Act, published notice of the Assessment Hearing on July 5, 2023, in the *Wylie News*, a newspaper of general circulation in the City; and

WHEREAS, at the July 18, 2023 City Council meeting, the City Council opened and conducted the Assessment Hearing, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the authorized public improvements to be undertaken for the benefit of property within the District (the "Authorized Improvements"), the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the owners of 100% of the property subject to the proposed assessment within the District (the "Landowners") had actual knowledge of the Assessment Hearing to be held on July 18, 2023, and support the creation of the District and the levy of assessments against the property in accordance with the Service and Assessment Plan to finance the Authorized Improvements for benefit of the property within the District; and

WHEREAS, the City Council finds and determines that the Assessment Roll and the Trails of Lavon Public Improvement District Service and Assessment Plan dated July 18, 2023 (the

"Service and Assessment Plan"), attached as **Exhibit A** and incorporated as a part of this Ordinance for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan, including the Assessment Roll attached thereto as Exhibit F-1 (the "Assessment Roll"); and

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

WHEREAS, at the Assessment Hearing, the Landowners, or their representatives, who are the persons to be assessed pursuant to this Ordinance, have indicated their approval and acceptance of the levy of the Assessments against their property located within the District; and

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

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

Section 1. Terms.

Terms not otherwise defined herein are defined in the Service and Assessment Plan.

Section 2. Findings.

The City Council hereby finds, determines, and ordains, as follows:

(a) The recitals set forth in the WHEREAS clauses of this Ordinance are true and correct and are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section and constitute findings of the City Council acting in its discretionary, legislative capacity;

(b) All actions of the City in connection with the creation and establishment of the District and the approval of this Ordinance: (i) have been taken and performed in compliance with the PID Act and all other applicable laws, policies, and procedures; (ii) have been taken and performed in a regular, proper and valid manners; and (iii) are approved and ratified;

(c) The apportionment of the Actual Costs of the Authorized Improvements, including specifically the Improvement Area #1 Projects, which costs include the Improvement Area #1 Improvements, the pro rata portion of the Major Improvements allocable to Improvement Area #1 (as reflected in the Service and Assessment Plan) and the Bond Issuance Costs and Annual Collection Costs pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each assessed Parcel will receive from the construction of the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

(d) The Service and Assessment Plan (i) covers a period of at least five years, (ii) defines the annual indebtedness and projected costs for the Authorized Improvements, and (iii) includes a copy of the notice form or forms required by Section 5.014 of the Texas Property Code, as amended;

(e) The Service and Assessment Plan apportions the Actual Cost(s) of the Authorized Improvements to be assessed against the property in the District and such apportionment is made on the basis of special benefits accruing to the property because of the Authorized Improvements;

(f) All of the Improvement Area #1 Assessed Property being assessed in the amounts shown on the Assessment Roll will be benefited by the Improvement Area #1 Projects proposed to be constructed as described in the Service and Assessment Plan, and each assessed Parcel of Improvement Area #1 Assessed Property will receive special benefits equal to or greater than the total amount assessed for the Improvement Area #1 Projects;

(g) The method of apportionment of the Actual Costs of the Authorized Improvements and Annual Collection Costs set forth in the Service and Assessment Plan results in imposing equal shares of the Actual Costs of the Authorized Improvements and Annual Collection Costs on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the Actual Costs;

(h) The Service and Assessment Plan has been prepared on behalf of, presented to, and reviewed by the City Council and should be approved as the service plan and assessment plan for the District for all purposes as described in Sections 372.013 and 372.014 of the PID Act;

(i) The Assessment Roll should be approved as the Assessment Roll for the District;

(j) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Assessments, interest on Annual Installments, interest and penalties on delinquent Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Assessments should be approved and will expedite collection of the Assessments in a timely manner in order to provide the services and improvements needed and required for the area within the District; and

(k) A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon.

Section 3. Service and Assessment Plan.

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan relating to the Authorized Improvements for the District. The Service and Assessment Plan shall be updated by the City Council no less frequently than annually as required by the PID Act and more

frequently as may be required by the Service and Assessment Plan including upon the issuance of PID Bonds.

Section 4. Assessment Roll.

The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the Assessment Roll of the District for all purposes.

Section 5. Levy and Payment of Assessments for Costs of the Authorized Improvements.

(a) The City Council hereby levies the Assessments on each Parcel of property (excluding Non-Benefitted Property) located within the District, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown in the Service and Assessment Plan as a special assessment as set forth in the Assessment Roll. The amount of the Annual Installments shall be reviewed and determined annually by the City Council following the City Council's annual review of the Service and Assessment Plan for the District. Pursuant to Section 372.015(d), the amount of assessment for each property owner may be adjusted following the annual review of the Service and Assessment Plan.

(b) The levy of the Assessments shall be effective on the date of execution of this Ordinance levying Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Assessment may be prepaid in whole or in part at any time without penalty or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

(g) The Annual Collection Costs for Assessed Property shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 6. Method of Assessment.

The method of apportioning the Actual Costs of the Authorized Improvements and Annual Collection Costs are set forth in the Service and Assessment Plan.

Section 7. Penalties and Interest on Delinquent Assessments.

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

Section 8. Prepayments of Assessments.

As provided in the Service and Assessment Plan, the owner of any Assessed Property may prepay the Assessments levied by this Ordinance.

Section 9. Lien Priority.

(a) The Assessments and Annual Installments levied and assessed against the property within the District as provided in this Ordinance and the Service and Assessment Plan, together with reasonable attorney's fees and costs of collection, if incurred, are, pursuant to the PID Act, a lien upon each tract of property within the District against which the same are levied and assessed, and a personal liability and charge against the owners of such lot, including the successors and assigns, whether such owners be named herein or not, and said liens shall be and constitute the first enforceable lien and claim against the lot on which such assessments are levied, and shall be a first and prior lien thereon, superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes.

(b) The City Council and the Landowners intend for the obligations, covenants and burdens on the Assessed Property, including without limitation such Landowners' obligations related to payment of the Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the assessed parties, as the owners of Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns, regardless of whether such owners are named, in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. The Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

Section 10. Applicability of Tax Code.

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code, as amended, governing enforcement of ad valorem tax liens (other than with respect to property subject to agriculture use valuation, including redemption rights following a tax sale) shall be applicable to the imposition and collection of Assessments by the City, and the Texas Tax Code shall otherwise be applicable to the extent provided by the PID Act.

Section 11. Filing With County Clerk.

(a) Not later than the seventh day after the date of the adoption of this Ordinance, the City Secretary is hereby authorized and directed to file a copy of this Ordinance, including the Service and Assessment Plan, with the County Clerk of Collin County, which is the county in which all of the District is located. The City Secretary is further directed to similarly file each Annual Service Plan Update or other amendment or update to the Service and Assessment Plan approved by the City Council not later than the seventh day after the date of such City Council approval. The City Secretary may fulfill such filing requirements by recording such documents in the real property records of Collin County, Texas.

Section 12. Approval of Reimbursement Agreements.

The Improvement Area #1 Reimbursement Agreement is hereby authorized and approved in substantially final form attached hereto as **Exhibit B** and the Mayor and the City Manager of the City are each hereby authorized and directed to execute and deliver such Reimbursement Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or the City Manager, as applicable, such approval to be evidenced by the execution thereof.

The Remainder Area Reimbursement Agreement is hereby authorized and approved in substantially final form attached hereto as **Exhibit C** and the Mayor and the City Manager of the City are each hereby authorized and directed to execute and deliver such Reimbursement Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or the City Manager, as applicable, such approval to be evidenced by the execution thereof.

Section 13. Approval of Agreement with Bear Creek Special Utility District.

The Agreement with Bear Creek Special Utility District is hereby authorized and approved in substantially final form attached hereto as **Exhibit D** and the Mayor and the City Manager of the City are each hereby authorized and directed to execute and deliver such Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or the City Manager, as applicable, such approval to be evidenced by the execution thereof.

Section 14. Additional Actions.

The Mayor, the Mayor Pro Tem, the City Manager and the City Secretary are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to levy assessments in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the City Manager and the City Secretary are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions and other documents which may be necessary or advisable in connection with the carrying out of the purposes and intent of this Ordinance.

Section 15. Severability.

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

Section 16. Effective Date.

This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution hereof.

PASSED AND APPROVED on this the 18th day of July, 2023.

CITY OF LAVON, TEXAS

Vicki Sanson

Vicki Sanson, Mayor

ATTEST:

Rae Norton

Rae Norton, City Secretary

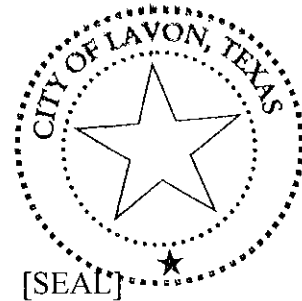


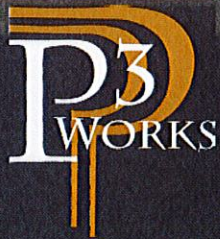
EXHIBIT A

Service and Assessment Plan

Trails of Lavon Public Improvement District

SERVICE AND ASSESSMENT PLAN

JULY 18, 2023



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

TABLE OF CONTENTS

Table of Contents	1
Introduction	2
Section I: Definitions	3
Section II: The District	10
Section III: Authorized Improvements	10
Section IV: Service Plan	13
Section V: Assessment Plan	14
Section VI: Terms of the Assessments	17
Section VII: Assessment Roll	23
Section VIII: Additional Provisions	24
Exhibits	26
Appendices	27
Exhibit A-1 – Map of the District	28
Exhibit A-2 – Map of Improvement Area #1	29
Exhibit A-3 – Map of Remainder Area	30
Exhibit A-4 – Lot Type Classification Map	31
Exhibit B-1 – Project Costs	32
Exhibit B-2 – Apportionment of Costs	33
Exhibit C – Service Plan	34
Exhibit D – Sources and Uses of Funds	35
Exhibit E – Maximum Assessment and Tax Rate Equivalent	36
Exhibit F-1 –Improvement Area #1 Assessment Roll	37
Exhibit F-2 –Improvement Area #1 Annual Installments	38
Exhibit G-1 – Maps of Major Improvements	39
Exhibit G-2 – Maps of Improvement Area #1 Improvements	43
Exhibit H – Form of Notice of Assessment Termination	47
Exhibit I-1 – District Legal Description	50
Exhibit I-2 – Improvement Area #1 Legal Description	53
Exhibit I-3 – Remainder Area Legal Description	57
Appendix A – Engineer’s Report	61
Buyer Disclosures	82

INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section," an "Exhibit," or an "Appendix" shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On October 19, 2021, the City Council passed and approved Resolution No. 2021-10-03 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 190.774 acres located within the corporate limits of the City, as described by the legal description on **Exhibit I-1** and depicted on **Exhibit A-1**.

The PID Act requires a service plan to (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer, either directly or through affiliates, including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, consulting, and other governmental fees and charges, and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

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

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

“Administrator” means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and

Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Apportioned Property” means any Parcel within the District against which the costs of the Authorized Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied, but not yet levied.

“Apportionment of Costs” means an amount allocated by this Service and Assessment Plan to a Parcel within the District for future Authorized Improvement costs, other than Non-Benefitted Property, subject to a future levy of Assessments by the City and also subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in Section V.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Improvement Area #1 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in any Annual Service Plan Updates.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, and described in **Sections III.A** and **III.B**, as further depicted on **Exhibits G-1** and **G-2**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

“City” means the City of Lavon, Texas.

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

“County” means Collin County, Texas.

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

“Developer” means, collectively, Meritage Homes of Texas, LLC, GRBK Edgewood, LLC, and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Trails of Lavon Public Improvement District containing approximately 190.774 acres located within the corporate limits of the City, and more specifically described in **Exhibit I-1** and depicted on **Exhibit A-1**.

“District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City directly associated with the establishment of the District.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports

from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Improvement Area #1” means approximately 96.956 acres located within the District, more specifically described in **Exhibit I-2** and depicted on **Exhibit A-2**.

“Improvement Area #1 Annual Installment” means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; and (3) Annual Collection Costs related to Improvement Area #1, as shown on **Exhibit F-2**.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment” means an Assessment levied against Improvement Area #1 Assessed Property, related to the Improvement Area #1 Projects, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Bonds” means those certain “City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2023 (Trails of Lavon Public Improvement District Improvement Area #1 Project)” that are secured by Improvement Area #1 Assessments and expected to be issued in calendar year 2023.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.B** and depicted on **Exhibit G-2**.

“Improvement Area #1 Initial Parcel” means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is levied, as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Projects” means collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #1; (2) the Improvement Area #1 Improvements; (3) the first year’s Annual Collection Costs related to the Improvement Area #1 Bonds; and (4)

Bond Issuance Costs incurred in connection with the issuance of PID Bonds to refinance all or a portion of the Improvement Area #1 Assessment, if and when issued.

“Improvement Area #1 Reimbursement Agreement” means that certain Reimbursement Agreement, effective July 18, 2023 entered into by and between the City and Meritage Homes of Texas, LLC, in which the Developer, either directly or through affiliates, agrees to construct the Improvement Area #1 Projects, and to fund certain Actual Costs of the Improvement Area #1 Projects, and the City agrees to reimburse the Developer for Actual Costs of the Improvement Area #1 Projects paid solely from the revenue collected by the City from Improvement Area #1 Assessments, including Improvement Area #1 Annual Installments. The City anticipates that it will issue Improvement Area #1 Bonds in the future, at which time all or a portion of the Improvement Area #1 Reimbursement Obligation balance will be reduced by the amount of the bond proceeds.

“Improvement Area #1 Reimbursement Obligation” means an amount not to exceed \$14,845,000 secured by Improvement Area #1 Assessments to be paid to the Developer pursuant to the Improvement Area #1 Reimbursement Agreement. The Annual Installments for the Improvement Area #1 Reimbursement Obligation are shown on **Exhibit F-2**.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E**.

“Lot Type 1” means a Lot within Improvement Area #1 marketed to homebuilders as a 40’. The buyer disclosure for Lot Type 1 is attached in **Appendix B**.

“Lot Type 2” means a Lot within Improvement Area #1 marketed to homebuilders as a 50’ or 60’ Lot. The buyer disclosure for Lot Type 2 is attached in **Appendix B**.

“Major Improvements” mean those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, as further described in **Section III.A.** and depicted on **Exhibit G-1.**

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A,** or (2) for each Lot Type, the amount shown on **Exhibit E.**

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit H.**

“Parcel” or “Parcels” means a specific property within the District identified by either a tax parcel identification number assigned by the Collin Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Plat or the Official Public Records of the County, or by any other means determined by the City.

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

“Remainder Area” means approximately 93.818 acres located within the District, as more specifically described on **Exhibit I-3** and depicted on **Exhibit A-3,** to be developed as one or more future improvement areas. The Remainder Area includes all of the District save and except Improvement Area #1.

“Remainder Area Apportioned Property” means any Parcel within the Remainder Area against which a portion of the Actual Costs of the Major Improvements are apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

“Remainder Area Apportionment of Costs” means an Apportionment of Costs against a Parcel within the Remainder Area for the Remainder Area Projects, as shown on **Exhibit B-2**, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Remainder Area Projects” means the pro rata portion of the Major Improvements allocable to the Remainder Area based on Estimated Buildout Value.

“Service and Assessment Plan” means this Trails of Lavon Public Improvement District Service and Assessment Plan, as updated, amended, or supplemented from time to time.

“Service Plan” means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

“Trustee” means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 190.774 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit I-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 651 Lots developed with single-family homes.

Improvement Area #1 includes approximately 96.956 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit I-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 297 Lots developed with single-family homes (54 single-family homes that are on Lots classified as Lot Type 1, and 243 single-family homes that are on Lots classified as Lot Type 2).

The Remainder Area includes approximately 93.818 acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit I-3** and depicted on **Exhibit A-3**. Development of the Remainder Area is anticipated to include approximately 354 Lots developed with single-family homes.

SECTION III: AUTHORIZED IMPROVEMENTS

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 the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City, or as otherwise noted below. The budget for the Authorized Improvements is shown on **Exhibit B-1**. The apportionment of the Major Improvements is shown on **Exhibit B-2**.

A. Major Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public arterial road rights-of-way within the District.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with the public arterial road rights-of-way and major utility improvements within or serving the District.

- *Streets*

Improvements including subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing and all other materials associated with the public arterial road rights-of-way within the District. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to the District. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, testing, and all other necessary appurtenances required to provide water service to all Lots within the District. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage for the arterial road rights-of-way within the District. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

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

B. Improvement Area #1 Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales and channels within Improvement Area #1.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with

the public residential road rights-of-way and detention ponds within Improvement Area #1.

- *Streets*

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #1. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each Lot within Improvement Area #1. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, vales, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage within Improvement Area #1. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

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

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds.

- *Underwriter's Counsel*

Equals a percentage of the par amount of a particular series of PID Bonds reserved for the underwriter's attorney fees.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized

Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated each year in an Annual Service Plan Update and as necessary to reflect any budget revisions at the time the PID Bonds are issued.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property and Apportioned Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

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

A. Assessment Methodology

Acting in its legislative capacity and 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, the City Council has determined that the costs related to the Authorized Improvements shall be allocated as follows:

- The costs of the Major Improvements shall be allocated to Improvement Area #1 and the Remainder Area based upon Estimated Buildout Value of each Parcel or Assessed Property to the Estimated Buildout Value of the District. Currently, the Remainder Area is allocated 52.76% of the Major Improvements costs, and Improvement Area #1 is allocated 47.24% of the Major Improvements costs. The Remainder Area and Improvement Area #1's shares of the Major Improvement costs are illustrated in **Exhibit**

B-2.

- The costs of the Improvement Area #1 Projects shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Projects.

B. Assessments

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Initial Parcel in the amount shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**. Upon division or subdivision of the Improvement Area #1 Initial Parcel, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, respectively, exceed the corresponding Maximum Assessment for each Lot classification.

C. Findings of Special Benefit

Acting in its legislative capacity and 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, the City Council has found and determined the following:

- *Improvement Area #1*
 - The costs of the Improvement Area #1 Projects equal \$17,034,462 as shown on **Exhibit B-1**;
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Projects equal to or greater than the Actual Cost of the Improvement Area #1 Projects;
 - The Improvement Area #1 Initial Parcel will be allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Projects, which equals \$14,365,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
 - The special benefit ($\geq \$17,034,462$) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Projects is equal to or greater than the

amount of the Improvement Area #1 Assessment (\$14,365,000) levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Projects; and

- At the time the City Council approved the Service and Assessment Plan, the Developer owned 100% of the Improvement Area #1 Initial Parcel. The Developer acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Initial Parcel and consented to the imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Initial Parcel.
- *Remainder Area*
 - The costs of the Major Improvements allocable to the Remainder Area equal \$3,466,650 as shown on **Exhibit B-1**; and
 - The Remainder Area receives special benefit from the Remainder Area Projects equal to or greater than the Actual Cost of the Remainder Area Projects allocable to the Remainder Area Apportioned Property; and
 - The Remainder Area Apportioned Property will be apportioned 52.76% of the Major Improvements, which equals \$3,466,650 as shown on **Exhibit B-1**, of which all or a portion is anticipated to be levied at a later date; and
 - At the time the City Council approved this Service and Assessment Plan, the Developer owned 100% of the Remainder Area. The Developer acknowledged that the Major Improvements confer a special benefit on the Remainder Area and consented to the apportionment of the Remainder Area portion of costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the Remainder Area portion of costs associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the Apportionment of Costs on the Remainder Area Apportioned Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Interest

The interest on the Improvement Area #1 Assessment securing the Improvement Area #1 Reimbursement Obligation shall be collected at rates established under the Improvement Area #1 Reimbursement Agreement as part of the Improvement Area #1 Annual Installment pursuant to the Improvement Area #1 Reimbursement Agreement, which will not include Additional Interest unless and until Improvement Area #1 Bonds are issued.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders,

market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for Lot Type 1 and Lot Type 2 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

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 the Annual Service Plan Update immediately following such reallocation.

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 Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided 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 calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for Lot Type 1 and Lot Type 2 are shown on **Exhibit E** and will

not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C.**

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to or concurrently with any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit H.**

C. True-Up of Assessments if Maximum Assessment Exceeded at Plat

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced,

plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property.

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

For purposes of Prepayments, the Improvement Area #1 Reimbursement Obligation is and will remain subordinated to (i) any PID Bonds secured by a parity lien on the Improvement Area #1 Assessments issued to refinance all or a portion of the Improvement Area #1 Reimbursement Obligation.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property, as shown by the Collin Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2024.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "**Taking**"), the portion of the Assessed Property that was taken or transferred (the "**Taken Property**") shall be reclassified as Non-Benefitted Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable

Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

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

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

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

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the

Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the

interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure/Filing Requirements

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

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

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

Exhibit A-1	Map of the District
Exhibit A-2	Map of Improvement Area #1
Exhibit A-3	Map of Remainder Area
Exhibit A-4	Lot Type Classification Map
Exhibit B-1	Project Costs
Exhibit B-2	Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area #1 Annual Installments
Exhibit G-1	Maps of Major Improvements
Exhibit G-2	Maps of Improvement Area #1 Improvements
Exhibit H	Form of Notice of Assessment Termination
Exhibit I-1	District Boundary Description
Exhibit I-2	Improvement Area #1 Boundary Description
Exhibit I-3	Remainder Area Boundary Description

APPENDICES

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

Appendix A	Engineer's Report
Appendix B	Buyer Disclosure

EXHIBIT A-1 – MAP OF THE DISTRICT

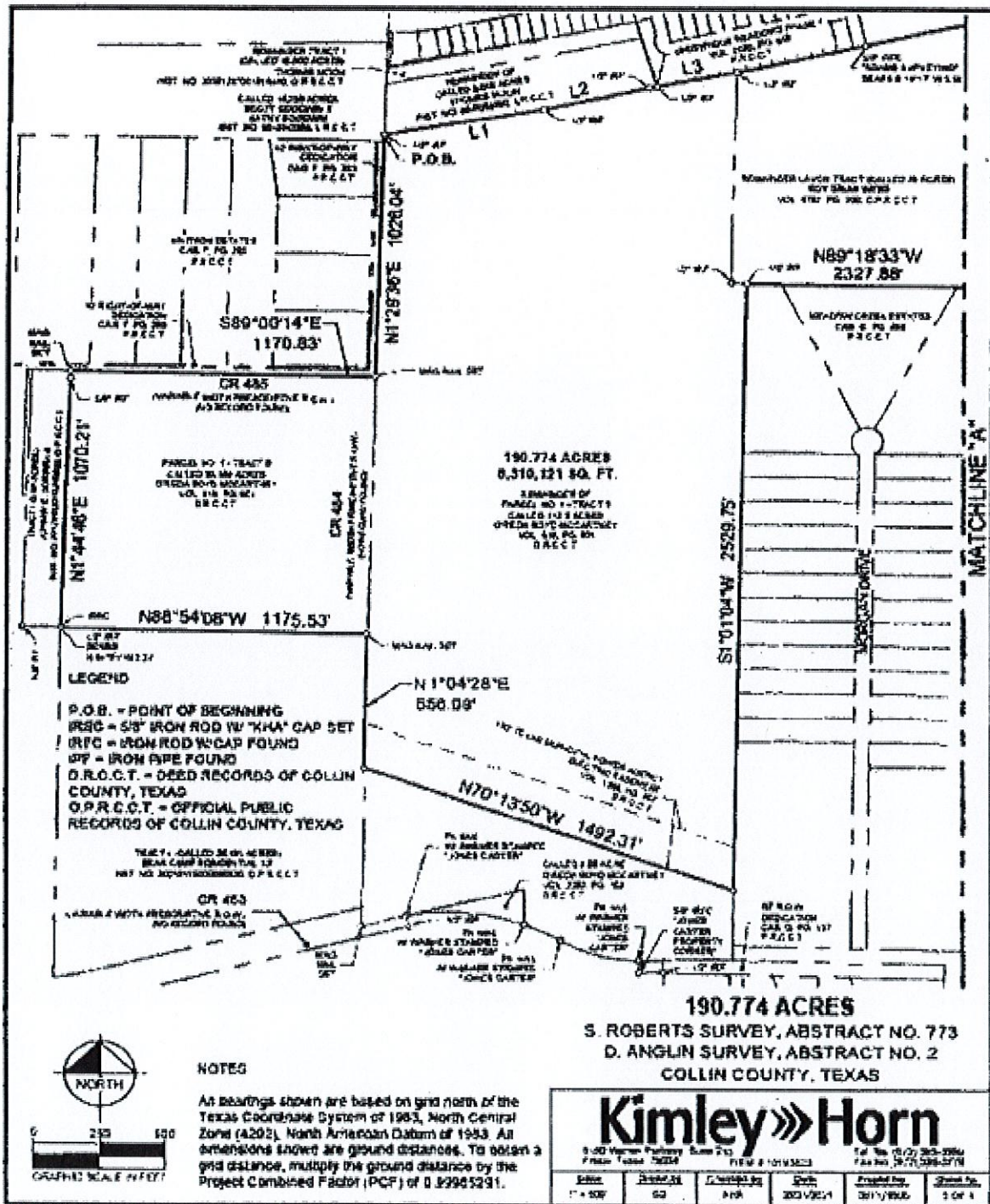


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1



MOODY, BRIAN 2/28/2023 11:57 AM
 K. VAIL, OTAVIA 2/28/2023 11:54 AM
 2/28/2023 11:54 AM

PLOTTED BY
 DMS NAME
 LAST NAME

Exhibit A-2
Improvement Area 1 Concept Plan
 Trails of Lavon
 Lavon, Collin County, Texas
 February 2023

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-6038

EXHIBIT A-3 – MAP OF REMAINDER AREA

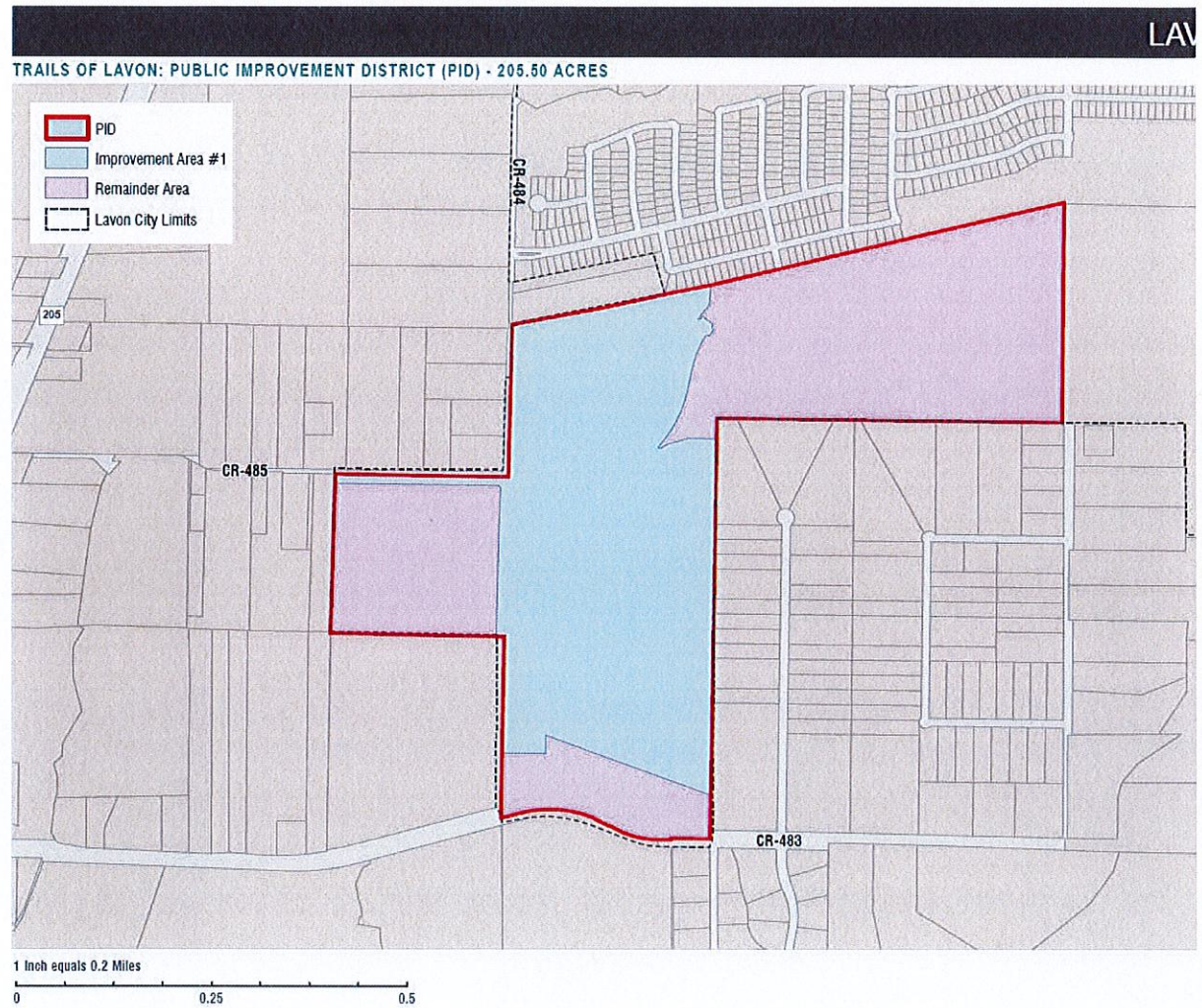
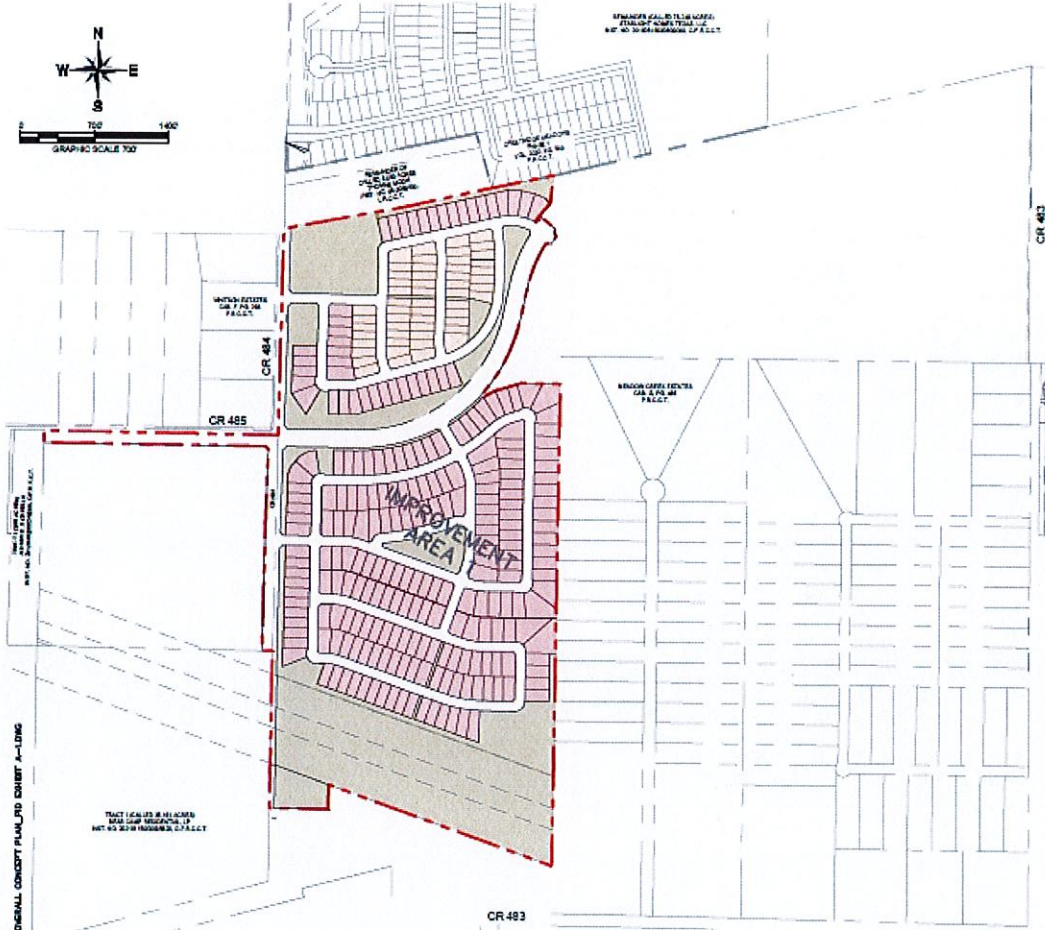


EXHIBIT A-4 – LOT TYPE CLASSIFICATION MAP



IMPROVEMENT AREA 1 LOT SUMMARY	
LOT TYPE	COUNT
LOT TYPE 1 (40' LOTS)	54
LOT TYPE 2 (50'-60' LOTS)	243
TOTAL	297

MOODY, BRYAN 3/27/2023 11:04 AM
E:\DAL_OWA\081175330-LANON TRACT\CAD\CONCRETE\PLANS\SHEETS\GENERAL CONCEPT PLAN_PFD CONCRET A-LONG
3/27/2023 11:53 AM

PLOTTED BY
ONG NAME
LAST SAVED

Exhibit A-3
Improvement Area 1 Lot Summary
Trails of Lavon
Lavon, Collin County, Texas
February 2023

Kimley»Horn
17455 13th Street, Suite 200
San Diego, CA 92128
Tel: 619.594.1100
Fax: 619.594.1101
www.kimleyhorn.com

13455 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972-770-1300
State of Texas Registration No. F-028

EXHIBIT B-1 – PROJECT COSTS

	Total	Private	Improvement Area #1		Remainder Area	
			%	Cost	%	Cost
<i>Major Improvements</i> ^{[a], [b]}						
Clearing & Excavation	\$ 88,172	\$ -	47.24%	\$ 41,649	52.76%	\$ 46,522
Erosion Control	19,570	-	47.24%	9,244	52.76%	10,326
Roadway	2,309,689	-	47.24%	1,091,017	52.76%	1,218,671
Sanitary Sewer	2,288,643	-	47.24%	1,081,076	52.76%	1,207,567
Water ^[c]	324,554	-	47.24%	153,308	52.76%	171,246
Storm Sewer	184,951	-	47.24%	87,365	52.76%	97,587
Soft Costs	1,354,595	-	47.24%	639,864	52.76%	714,731
	<u>\$ 6,570,173</u>	<u>\$ -</u>		<u>\$ 3,103,524</u>		<u>\$ 3,466,650</u>
<i>Improvement Area #1 Improvements</i> ^[a]						
Clearing & Excavation	\$ 399,730	\$ -	100.00%	\$ 399,730	0.00%	\$ -
Erosion Control	83,102	-	100.00%	83,102	0.00%	-
Roadway	2,449,190	-	100.00%	2,449,190	0.00%	-
Sanitary Sewer	1,339,395	-	100.00%	1,339,395	0.00%	-
Water ^[c]	1,835,811	-	100.00%	1,835,811	0.00%	-
Storm Sewer	2,957,013	-	100.00%	2,957,013	0.00%	-
Soft Costs	2,354,085	-	100.00%	2,354,085	0.00%	-
	<u>\$ 11,418,326</u>	<u>\$ -</u>		<u>\$ 11,418,326</u>		<u>\$ -</u>
<i>Private Improvements</i>						
Clearing & Excavation	\$ 1,184,629	\$ 1,184,629	0.00%	\$ -	0.00%	\$ -
Erosion Control	90,925	90,925	0.00%	-	0.00%	-
Retaining Walls	311,708	311,708	0.00%	-	0.00%	-
Landscape/Hardscape & Miscellaneous	5,358,995	5,358,995	0.00%	-	0.00%	-
Soft Costs	1,412,944	1,412,944	0.00%	-	0.00%	-
	<u>\$ 8,359,200</u>	<u>\$ 8,359,200</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs</i> ^[d]						
Debt Service Reserve Fund	\$ 1,107,938	\$ -		\$ 1,107,938		\$ -
Capitalized Interest	-	-		-		-
Underwriter's Discount	287,300	-		287,300		-
Underwriter's Counsel	143,650	-		143,650		-
Cost of Issuance	933,725	-		933,725		-
	<u>\$ 2,472,613</u>	<u>\$ -</u>		<u>\$ 2,472,613</u>		<u>\$ -</u>
<i>Other Costs</i> ^[d]						
First Year Annual Collection Costs	\$ 40,000	\$ -		\$ 40,000		\$ -
Total	\$ 28,860,312	\$ 8,359,200		\$ 17,034,462		\$ 3,466,650

Footnotes:

[a] Costs based on Opinion of Probable Construction Cost dated February 28, 2023 provided by Developer's engineer.

[b] Major Improvements allocated between Improvement Area #1 and the Remainder Area pro rata based on the Estimated Buildout Value of each area divided by the Estimated Buildout Value of the entire District. See **Exhibit B-2** for allocation calculation and Apportionment of Costs.

[c] Note water improvements are to be owned and maintained by Bear Creek SUD.

[d] Estimates only. Bond Issuance Costs and Other Costs associated with PID Bonds issued to refinance all or a portion of the Improvement Area #1 Reimbursement Obligation to be determined and incurred at the time such PID Bonds are issued.

EXHIBIT B-2 – APPORTIONMENT OF COSTS

Improvement Area	Units	Estimated Buildout Value	Major Improvements ^[a]		Total Apportioned for Future Assessments
			%	Costs	
Improvement Area #1	297	\$ 121,527,027.00	47.24%	\$ 3,103,523.57	
Remainder Area	354	\$ 135,746,234.00	52.76%	\$ 3,466,649.74	\$
Total	651	\$ 257,273,261.00		\$ 6,570,173.31	

Footnotes:

[a] The costs of the Major Improvements apportioned pro rata based on Estimated Buildout Value between Improvement Area #1 and the Remainder Area.

[b] Reimbursable in part or in full from future Assessments levied on the Remainder Area

EXHIBIT C – SERVICE PLAN

		Improvement Area #1			
Annual Installments Due		1/31/2024	1/31/2025	1/31/2026	1/31/2027
<i>Improvement Area #1 Reimbursement Obligation</i>					
Principal		\$ 68,572.00	\$ 206,479.00	\$ 217,887.00	\$ 229,954.00
Interest		985,055.93	846,348.54	834,124.98	821,226.00
	(1)	\$ 1,053,627.93	\$ 1,052,827.54	\$ 1,052,011.98	\$ 1,051,180.00
Annual Collection Costs	(2)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.00
Total Annual Installment^[a]	(3) = (1) + (2)	\$ 1,093,627.93	\$ 1,093,627.54	\$ 1,093,627.98	\$ 1,093,628.00

Footnotes:

[a] Additional Interest to be added to Total Annual Installment upon issuance of PID Bonds to reimburse all or a portion of #1 Reimbursement Obligation.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Private	Improvement Area #1	Remainder Area	
Sources of Funds				
Reimbursement Obligation - Improvement Area #1 ^[a]	\$ -	\$ 14,365,000	\$ -	
Developer Contribution - Improvement Area #1 ^[b]	-	2,669,462	-	
Remainder Area Apportionment of Costs ^[c]	-	-	3,466,650	
Private Improvements	8,359,200	-	-	
Total Sources	\$ 8,359,200	\$ 17,034,462	\$ 3,466,650	-
Uses of Funds				
Major Improvements	\$ -	\$ 3,103,524	\$ 3,466,650	
Improvement Area #1 Improvements	-	11,418,326	-	
Private Improvements ^[b]	8,359,200	-	-	
	\$ 8,359,200	\$ 14,521,850	\$ 3,466,650	-
<i>Bond Issuance Costs^[d]</i>				
Debt Service Reserve Fund	\$ -	\$ 1,107,938	\$ -	
Capitalized Interest	-	-	-	
Underwriter's Discount	-	287,300	-	
Underwriter's Counsel	-	143,650	-	
Cost of Issuance	-	933,725	-	
	\$ -	\$ 2,472,613	\$ -	-
<i>Other Costs^[d]</i>				
First Year Annual Collection Costs	\$ -	\$ 40,000	\$ -	
	\$ -	\$ 40,000	\$ -	-
Total Uses	\$ 8,359,200	\$ 17,034,462	\$ 3,466,650	-

Footnotes:

[a] PID Bonds to reimburse all or a portion of the Improvement Area #1 Reimbursement Obligation to be issued when property has sufficient VTL ratio.

[b] Non-reimbursable to the Developer through Assessments.

[c] Apportioned Costs to be levied in part or in full at a later date.

[d] Estimates only. Bond Issuance Costs and Other Costs associated with PID Bonds issued to refinance all or a portion of the Improvement / Reimbursement Obligation to be determined and incurred at the time such PID Bonds are issued.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units ^[a]	Estimated Buildout Value ^[a]		Assessment		Average Annual Installment	
		Per Unit	Total	Per Unit	Total	Per Unit	Total
Improvement Area #1							
Lot Type 1	54	\$ 340,615	\$ 18,393,210	\$ 40,262	\$ 2,174,154	\$ 3,065	\$ 165
Lot Type 2	243	\$ 424,419	\$ 103,133,817	\$ 50,168	\$ 12,190,846	\$ 3,819	\$ 928
Subtotal	297	\$ 121,527,027		\$ 14,365,000		\$ 1,093	

Footnotes:

[a] Per information provided by the Developer on May 5, 2023.

EXHIBIT F-1 –IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2024 ^[b]
1249928	Improvement Area #1 Initial Parcel	\$ 14,365,000.00	\$ 1,093,627.93
Total		\$ 14,365,000.00	\$ 1,093,627.93

Footnotes:

[a] The entire Improvement Area #1 is contained within Property ID 1249928. For billing purposes, the Annual Installment due 1/31/2024 shall be allocated pro rata based on acreage.

[b] The Annual Installment covers the period September 15, 2023 to September 14, 2024 and is due January 31, 2024.

EXHIBIT F-2 –IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Improvement Area #1 Reimbursement Obligation					
Annual Installment Due 1/31	Principal		Interest ^{[a], [b]}		Annual Collection Costs
					Annual Installment ^[c]
2024	\$	68,572	\$	985,056	\$ 40,000 \$ 1,093,628
2025	\$	206,479	\$	846,349	\$ 40,800 \$ 1,093,628
2026	\$	217,887	\$	834,125	\$ 41,616 \$ 1,093,628
2027	\$	229,954	\$	821,226	\$ 42,448 \$ 1,093,628
2028	\$	242,718	\$	807,613	\$ 43,297 \$ 1,093,628
2029	\$	256,221	\$	793,244	\$ 44,163 \$ 1,093,628
2030	\$	270,506	\$	778,076	\$ 45,046 \$ 1,093,628
2031	\$	285,619	\$	762,062	\$ 45,947 \$ 1,093,628
2032	\$	301,608	\$	745,153	\$ 46,866 \$ 1,093,627
2033	\$	318,526	\$	727,298	\$ 47,804 \$ 1,093,628
2034	\$	336,427	\$	708,441	\$ 48,760 \$ 1,093,628
2035	\$	355,368	\$	688,525	\$ 49,735 \$ 1,093,628
2036	\$	375,411	\$	667,487	\$ 50,730 \$ 1,093,627
2037	\$	396,621	\$	645,262	\$ 51,744 \$ 1,093,628
2038	\$	419,066	\$	621,783	\$ 52,779 \$ 1,093,628
2039	\$	442,819	\$	596,974	\$ 53,835 \$ 1,093,628
2040	\$	467,957	\$	570,759	\$ 54,911 \$ 1,093,627
2041	\$	494,562	\$	543,056	\$ 56,010 \$ 1,093,628
2042	\$	522,720	\$	513,778	\$ 57,130 \$ 1,093,628
2043	\$	552,523	\$	482,833	\$ 58,272 \$ 1,093,628
2044	\$	584,066	\$	450,123	\$ 59,438 \$ 1,093,627
2045	\$	617,454	\$	415,547	\$ 60,627 \$ 1,093,627
2046	\$	652,795	\$	378,993	\$ 61,839 \$ 1,093,628
2047	\$	690,204	\$	340,348	\$ 63,076 \$ 1,093,628
2048	\$	729,802	\$	299,488	\$ 64,337 \$ 1,093,627
2049	\$	771,720	\$	256,284	\$ 65,624 \$ 1,093,628
2050	\$	816,093	\$	210,598	\$ 66,937 \$ 1,093,628
2051	\$	863,067	\$	162,285	\$ 68,275 \$ 1,093,628
2052	\$	912,795	\$	111,192	\$ 69,641 \$ 1,093,627
2053	\$	965,440	\$	57,154	\$ 71,034 \$ 1,093,628
Total	\$	14,365,000	\$	16,821,108	\$ 1,622,723 \$ 32,808,831

Footnotes:

[a] Interest is calculated at 5.92%, which is not higher than 2% about the Bond Buyer Index of 3.92% date 7/6/2023, as allowed by the PID Act, and as described in the Improvement Area #1 Reimbursement Agreement. Upon the issuance of PID Bonds, interest shall adjust to the rate of the PID Bonds plu Additional Interest of 0.50%.

[b] Interest collected with the Annual Installment due 1/31/2024 covers interest through 9/15/2024.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 – MAPS OF MAJOR IMPROVEMENTS

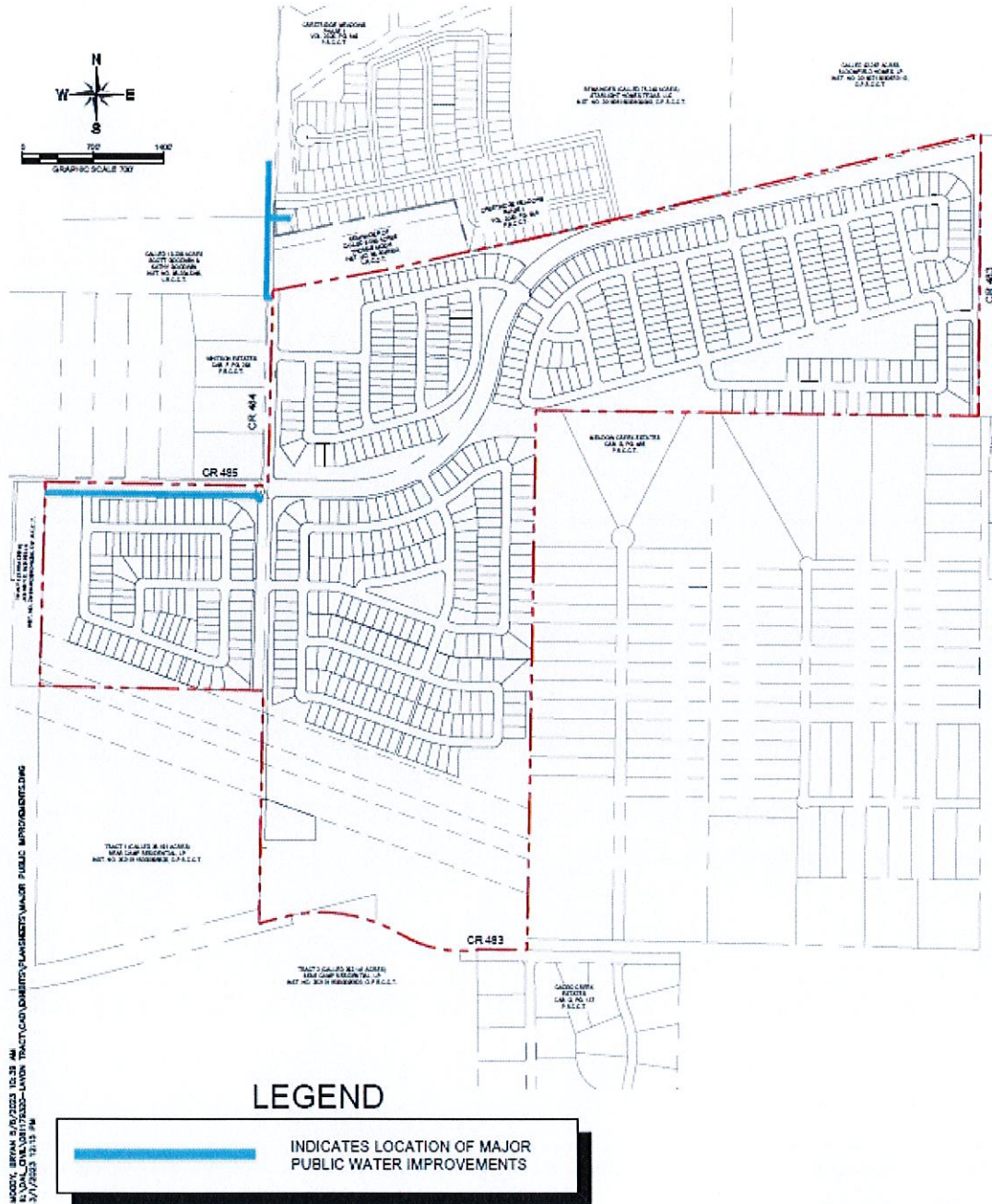
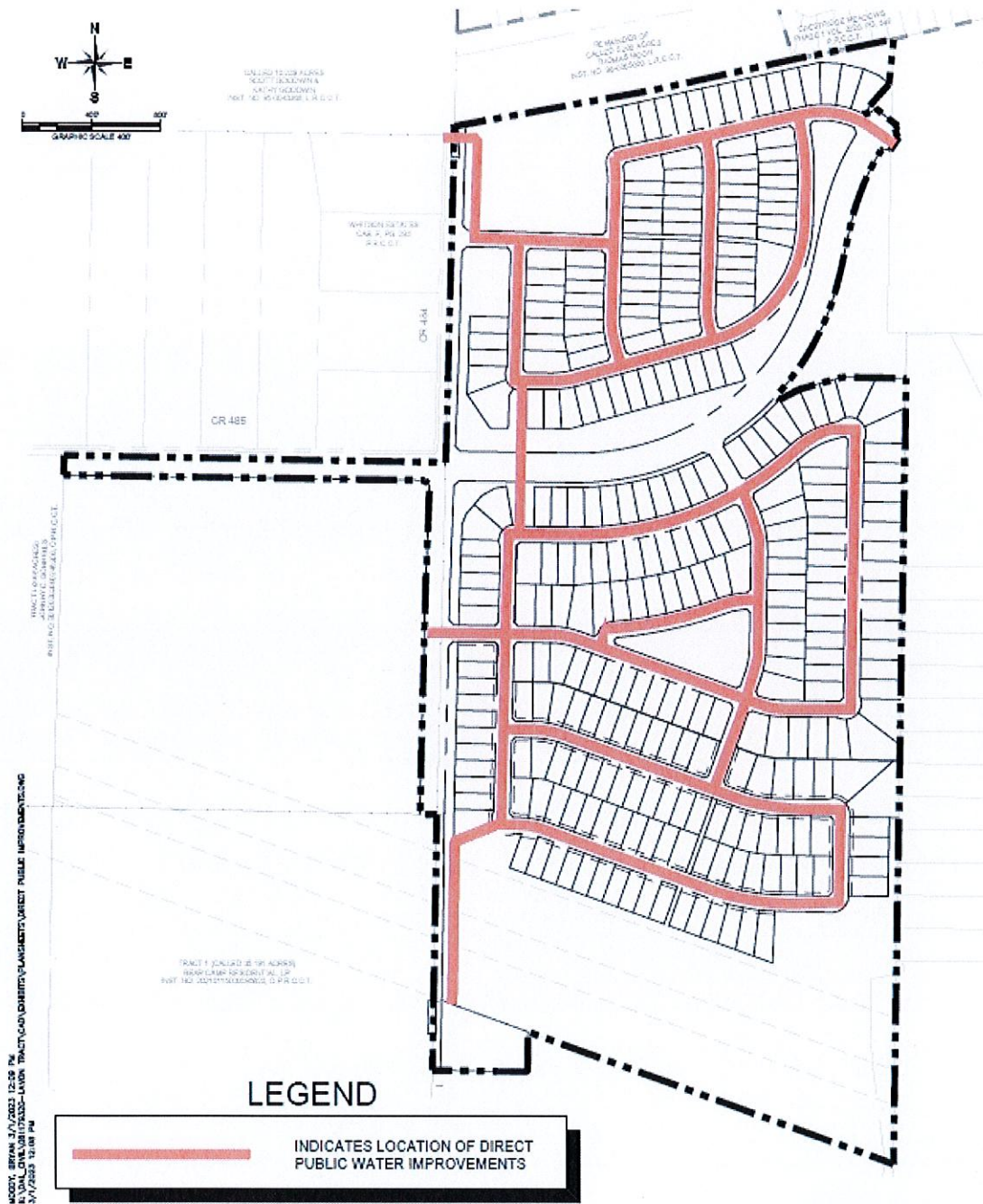


Exhibit G
Major Improvements - Water
 Trails of Lavon
 Lavon, Collin County, Texas
 April 2023

Kimley»Horn
 15455 Nobel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. 7-4020
 THE FIRM IS A PROFESSIONAL ENGINEERING FIRM AND IS NOT A PUBLIC UTILITY ENGINEER.

EXHIBIT G-2 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS



MOODY, BEVAN 3/1/2023 12:59 PM
K:\DATA\LOVE\081178320-LAVON TRACT\GARDENVIEW\LANDSCAPE\DIRECT PUBLIC IMPROVEMENTS.DWG
3/1/2023 12:01 PM

PLotted BY
Dwg NAME
LAST SAVED

Exhibit C
Improvement Area 1 - Water
Trails of Lavon
Lavon, Collin County, Texas
February 2023

Kimley»Horn
15405 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972-770-1300
State of Texas Registration No. F-4028
NOTE: THIS IS A PRELIMINARY DESIGN AND NOT A FINAL DESIGN. THE WORK OF A LICENSED PROFESSIONAL ENGINEER OR ARCHITECT IS REQUIRED FOR THE FINAL DESIGN.

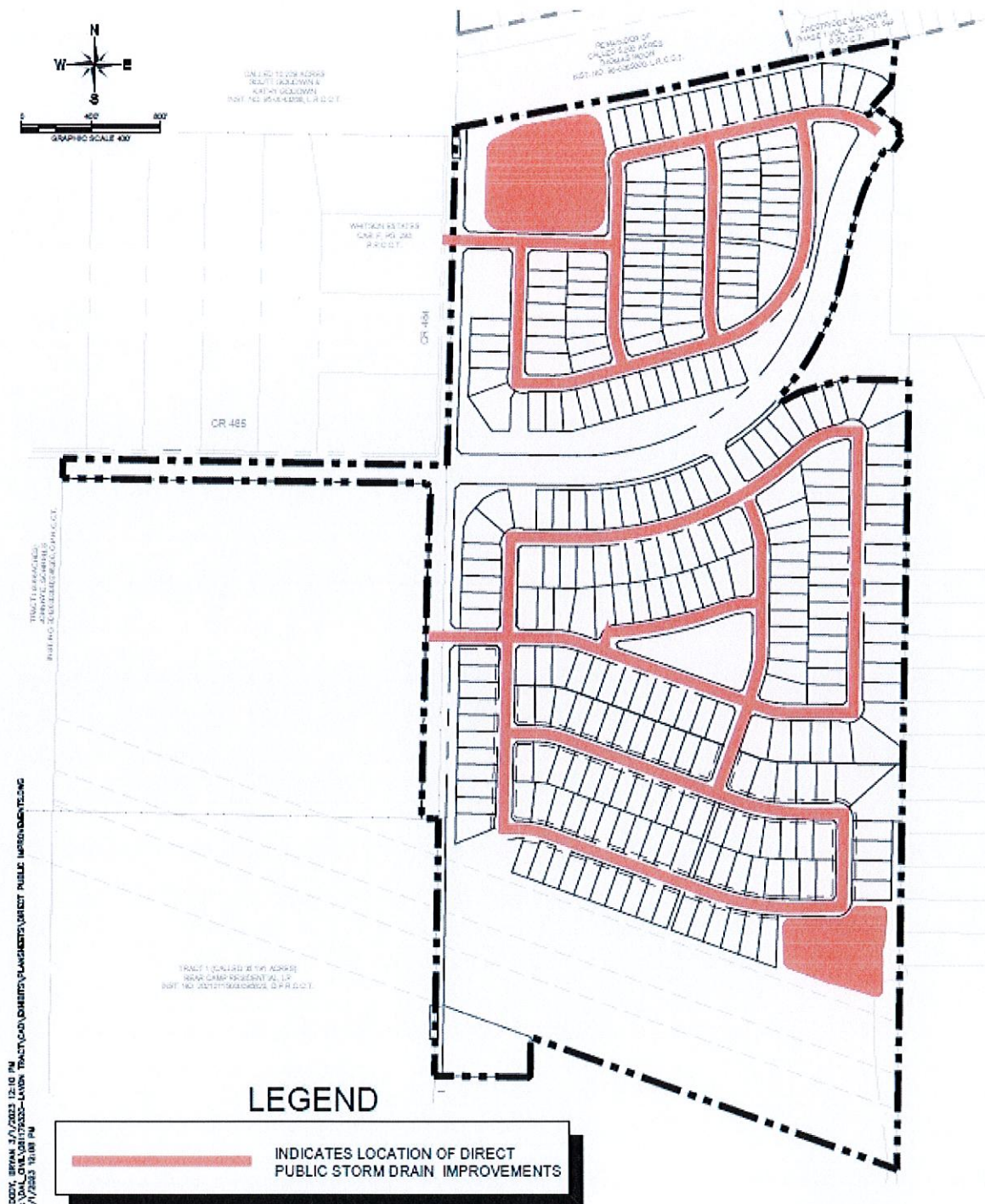


Exhibit E
Improvement Area 1 - Storm Drain
Trails of Lavan
Lavan, Collin County, Texas
February 2023

MOODY, BRYAN 3/1/2023 12:10 PM
E:\DAL_OVL\08175333-LAVON TRACT\CAD\DWGMENTS\PLANNMENTS\CURRENT PUBLIC IMPROVEMENTS.DWG
3/1/2023 12:08 PM

PLOTTED BY
 ENG NAME
 LAST SAVED

Kimley»Horn
13485 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972-770-1300
State of Texas Registration No. F-9283



Kimley»Horn
13465 Nicol Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972-770-1300
State of Texas Registration No. F-628

EXHIBIT H – FORM OF NOTICE OF ASSESSMENT TERMINATION



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

[Date]
Collin County Clerk's Office
Honorable [County Clerk]
Collin County Administration Building
2300 Bloomdale Rd
Suite 2106
McKinney, TX 75071

Re: City of Lavon Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Lavon is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Lavon
Attn: City Secretary
PO Box 340
120 School Road
Lavon TX 75166

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]

[City Secretary Address]

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF COLLIN

§

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

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City, Texas is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

WHEREAS, on October 19, 2021, the City Council of the City approved Resolution No. 2021-10-03 creating the Trails of Lavon Public Improvement District (the "District"); and

WHEREAS, the District consists of approximately 190.774 contiguous acres within the corporate limits of the City; and

WHEREAS, on _____, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on _____, as Instrument No. _____ in the Official Public Records of Collin County, Texas; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:

[legal description], an addition to the City of [City], [County], Texas, according to the map or plat thereof recorded as Instrument No. _____ in the Map Records of Collin County, Texas (the "Property");

and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the City hereby releases and discharges, and by these presents does hereby release and discharge, the Lien to the extent that it affects and encumbers the Property.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF LAVON, TEXAS,
A Texas general law municipality,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the ____ day of _____, 20__, by the City Manager for the City of Lavon, Texas, a Texas general law municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT I-1 – DISTRICT LEGAL DESCRIPTION

EXHIBIT B

Boundaries

METES AND BOUNDS DESCRIPTION OF THE PROPERTY

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas and being all of a called 30.000 acre tract of land described as Parcel No. 1 – Tract 5 – Monkey Run West and portion of a called 112.5 acre tract of land described as Parcel No. 1 – Tract 6 – Monkey Run East in a Partition Deed to O'Reda Boyd McCartney, as recorded in Volume 816, Page 651 of the Deed Records of Collin County, Texas, and also being the remainder of a called 90 acre tract of land described as Tract 1 (Lavon Place) in a Special Warranty Deed to Roy Brian Webb and Andrea Kay Campbell, as recorded in Volume 4761, Page 200 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northwest corner of said Tract 6, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of a called 75.249 acre tract of land described in a deed to Starlight Homes of Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said Tract 6 and the southerly line of said 75.249 acre tract, a distance of 313.41 feet to a 1/2 inch iron rod found for the northerly northeast corner of said Tract 6, same being on northerly line of said 90 acre tract;

THENCE North 76°51'00" East, along the northerly line of said 90 acre tract and the southerly line of said 75.249 acre tract, a distance of 1088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, L.P, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE North 76°50'07" East, continuing along the northerly line of said 90 acre tract and along the southerly line of said 92.267 acre tract, a distance of 1358.12 feet to a 1/2 inch iron rod found for the northeast corner of said 90 acre tract, common to an ell corner of said 92.267 acre tract;

THENCE South 2°49'59" East, along the easterly line of said 90 acre tract and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for an exterior corner

of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas, same being on the westerly right-of-way line of County Road No. 483, a variable width right-of-way, no record found;

THENCE South 0°33'28" West, continuing along the easterly line of said 90 acre tract, along the westerly line of said 57.075 acre tract and the westerly right-of-way line of said County Road No. 483, a distance of 1473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 90 acre tract, common to the northerly southwest corner of said 57.075 acre tract, being on the northerly line of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE North 89°18'33" West, departing the westerly right-of-way line of said County Road No. 483, along the southerly line of said 90 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2327.88 feet to a 1/2 inch iron rod found for the northwest corner of said Meadow Creek Estates, common to the southerly northeast corner of aforesaid 112.5 acre tract;

THENCE South 1°01'04" West, departing the southerly line of said 90 acres, along the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, a distance of 2529.75 feet to a point for corner on the southerly line of a 170 foot wide Texas Municipal Power Agency Electric Easement, as recorded in Volume 1365, Page 407 of the Deed Records of Collin County, Texas;

THENCE North 70°13'50" West, departing the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, and crossing said Tract 6 and along the southerly line of said easement, a distance of 1492.31 feet to a point for corner on the westerly line of said Tract 6, the easterly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP, as recorded in Instrument No. 20210115000095820 of the Official Public Records of Collin County, Texas, and in the approximate centerline of aforesaid County Road No. 484;

THENCE North 1°04'28" East, departing the southerly line of said easement, along the westerly line of said Tract 6, the easterly line of said 35.191 acre tract, and said County Road No. 484, a distance of 556.09 feet to a mag nail set for the northeast corner of said Tract 1, common to the southeast corner of aforesaid Tract 5;

THENCE North 88°54'08" West, departing the approximate centerline of said County Road No. 483 and the westerly line of said Tract 6, along the southerly line of said Tract 5 and the northerly line of said Tract 1, a distance of 1175.53 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southwest corner of said Tract 5;

THENCE North 1°44'46" East, departing the northerly line of said Tract 1, along the westerly line of said Tract 5, passing at a distance of 0.68 feet the southeast corner of a called 3.68 acre tract of land described as Tract 1 in a deed to Johnny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas, and continuing

along the same course and along the easterly line of said Tract 1, passing at a distance of 1040.21 feet a 5/8 inch iron rod found for witness, and continuing along the same course, for a total distance of 1070.21 feet to a mag nail set for the northwest corner of said Tract 5, common to the northeast corner of said Tract 1, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South 89°00'14" East, along the northerly line of said Tract 5 and the centerline of said County Road No. 485, a distance of 1170.83 feet to a mag nail set for the northeast corner of said Tract 5, being on the westerly line of said Tract 6 and in the centerline of said County Road No. 484;

THENCE North 1°29'36" East, along the westerly line of said Tract 6 and the centerline of said County Road No. 484, a distance of 1026.04 feet to the **POINT OF BEGINNING** and containing 190.774 acres (8,310,121 square feet) of land, more or less.

EXHIBIT I-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas, and being a portion of a called 140.551 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211101002229130 of the Official Public Records of Collin County, Texas, and a portion of a called 64.952 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211030002223420 of the Official Public Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northernmost northwest corner of said 140.551 acre tract, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said 140.551 acre tract and along the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said 140.551 acre tract and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of Crestridge Meadows Phase 1, according to the plat thereof recorded in Volume 2020, Page 649 of the Plat Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said 140.551 acre tract and along the southerly line of said Crestridge Meadows Phase 1, a distance of 313.41 feet to a 1/2 inch iron rod found for the northeast corner of said 140.551 acre tract, common to the northwest corner of said 64.952 acre tract;

THENCE departing the southerly line of said Crestridge Meadows Phase 1 and crossing said 140.551 acre tract, the following courses and distances:

South 06°01'53" West, a distance of 138.68 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 835.00 feet, a central angle of 08°06'04", and a chord bearing and distance of South 40°15'52" West, 117.96 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 118.06 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 77°54'12" East, a distance of 22.82 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 820.00 feet, a central angle of 01°17'26", and a chord bearing and distance of North 38°03'00" East, 18.47 feet;

In a northeasterly direction, with said non-tangent curve to the right, an arc distance of 18.47 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 51°18'17" East, passing en route the easterly line of said 140.551 acre tract and the westerly line of said 64.952 acre tract, and continuing along the same course and crossing said 64.952 acre tract, for a total distance of 90.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 730.00 feet, a central angle of 00°52'59", and a chord bearing and distance of South 38°15'13" West, 11.25 feet;

THENCE in a southwesterly direction, continuing across said 64.952 acre tract, with said non-tangent curve to the left, an arc distance of 11.25 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 09°03'10" East, continuing across said 64.952 acre tract, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 55°19'40" East, continuing across said 64.952 acre tract, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 34°40'20" West, continuing across said 64.952 acre tract, passing en route the westerly line of said 64.952 acre tract and the easterly line of said 140.551 acre tract, and continuing along the same course and crossing said 140.551 acre tract, for a total distance of 50.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE continuing across said 140.551 acre tract, the following courses and distances:

North 55°19'40" West, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 78°23'50" West, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 730.00 feet, a central angle of 19°16'37", and a chord bearing and distance of South 21°53'38" West, 244.45 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 245.60 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 12°15'20" West, a distance of 143.92 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 820.00 feet, a central angle of 30°28'38", and a chord bearing and distance of South 27°29'39" West, 431.06 feet;

In a southwesterly direction, with said tangent curve to the right, an arc distance of 436.18 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 47°16'02" East, a distance of 15.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 62°28'34" East, a distance of 68.37 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 74°31'15" East, a distance of 138.19 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 88°58'56" East, a distance of 193.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner on the easterly line of said 140.551 acre tract, common to the westerly line of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE South 01°01'04" West, along the common line of said 140.551 acre tract and said Meadow Creek Estates, a distance of 2,391.16 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE North 70°13'50" West, departing the common line of said 140.551 acre tract and said Meadow Creek Estates, and crossing said 140.551 acre tract, a distance of 1,492.31 feet to point for corner on the westerly line of said 140.551 acre tract, common to the easterly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP., as recorded in Instrument No. 2021015000095820 of the Official Public Records of Collin County, Texas, same also being in the centerline of said County Road No. 484;

THENCE North 01°04'28" East, along the centerline of said County Road No. 484, the westerly line of said 140.551 acre tract and the easterly line of said Tract 1, a distance of 556.09 feet to a Mag Nail set for the northeast corner of said Tract 1, common to an ell corner of said 140.551 acre tract;

THENCE North 88°54'08" West, along the southerly line of said 140.551 acre tract and the northerly line of said Tract 1, a distance of 52.33 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing the southerly line of said 140.551 acre tract and the northerly line of said Tract 1, and crossing said 140.551 acre tract, the following courses and distances:

North 01°04'37" East, a distance of 5.40 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 01°28'41" East, a distance of 647.75 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 02°11'31" East, a distance of 348.78 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 43°32'04" West, a distance of 20.94 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 89°15'39" West, a distance of 1,108.04 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner on the westerly line of said 140.551 acre tract, common to the easterly line of a called 3.68 acre tract of land described as Tract 1 in a deed to Jonny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas;

THENCE North 01°44'46" East, along the westerly line of said 140.551 acre tract and along the easterly line of said 3.68 acre tract, a distance of 60.33 feet to a Mag Nail set for the westernmost northwest corner of said 140.551 acre tract, common to the northeast corner of said 3.68 acre tract, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South 89°00'14" East, along the centerline of said County Road No. 485 and along the northerly line of said 140.551 acre tract, a distance of 1,170.83 feet to a Mag Nail set at an ell corner of said 140.551 acre tract, same being the intersection of the centerline of said County Road No. 485 with the centerline of said County Road No. 484;

THENCE North 01°29'36" East, departing the centerline of said County Road No. 485, along the centerline of said County Road No. 484 and along the westerly line of said 140.551 acre tract, a distance of 1,026.04 feet to the **POINT OF BEGINNING** and containing 96.956 acres (4,223,394 square feet) of land, more or less.

EXHIBIT I-3 – REMAINDER AREA LEGAL DESCRIPTION

TRACT 1

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773, Collin County, Texas, and being a portion of a called 140.551 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211101002229130 of the Official Public Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with plastic cap stamped "KHA" set for the northernmost southwest corner of said 140.551 acre tract, same being on the northerly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP, as recorded in Instrument No. 20210115000095820, of the Official Public Records of Collin County, Texas;

THENCE North 01°44'46" East, departing the northerly line of said 35.191 acre tract and along the westerly line of said 140.551 acre tract, passing at a distance of 0.68 feet the southeast corner of a called 3.68 acre tract of land described as Tract I in a deed to Johnny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas, and continuing along the same course and along the easterly line of said 3.68 acre tract, for a total distance of 1,009.88 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 89°15'39" East, departing the westerly line of said 140.551 acre tract and the easterly line of said 3.68 acre tract, and crossing said 140.551 acre tract, a distance of 1,108.04 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 43°32'04" East, continuing across said 140.551 acre tract, a distance of 20.94 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 02°11'31" West, continuing across said 140.551 acre tract, a distance of 348.78 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 01°28'41" West, continuing across said 140.551 acre tract, a distance of 647.75 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 01°04'37" West, continuing across said 140.551 acre tract, a distance of 5.40 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner on the southerly line of said 140.551 acre tract and the northerly line of said Tract 1;

THENCE North 88°54'08" West, along the northerly line of said Tract 1 and the southerly line of said 140.551 acre tract, a distance of 1,123.20 feet to the **POINT OF BEGINNING** and containing 26.089 acres (1,136,431 square feet) of land, more or less.

TRACT 2

BEING a tract of land situated in the D. Anglin Survey, Abstract No. 2, Collin County, Texas, and being a portion of a called 64.952 acre tract of land described in a deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211030002223420 of the Official Public Records of Collin County, Texas and a portion of a called 140.551 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211101002229130 of the Official Public Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING a 1/2 inch iron rod found for the northwest corner of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas, same being on the southerly line of said 64.952 acre tract;

THENCE South 01°01'04" West, departing the southerly line of said 64.952 acre tract, along the westerly line of said Meadow Creek Estates and the easterly line of said 140.551 acre tract, a distance of 138.58 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing the westerly line of said Meadow Creek Estates and crossing said 140.551 acre tract and said 64.952 acre tract, the following:

North 88°58'56" West, a distance of 193.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 74°31'15" West, a distance of 138.19 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 62°28'34" West, a distance of 68.37 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 47°16'02" West, a distance of 15.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 820.00 feet, a central angle of 30°28'38", and a chord bearing and distance of North 27°29'39" East, 431.06 feet;

In a northeasterly direction, with said non-tangent curve to the left, an arc distance of 436.18 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 12°15'20" East, a distance of 143.92 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of

730.00 feet, a central angle of $19^{\circ}16'37''$, and a chord bearing and distance of North $21^{\circ}53'38''$ East, 244.45 feet;

In a northeasterly direction, with said tangent curve to the right, an arc distance of 245.60 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North $78^{\circ}23'50''$ East, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South $55^{\circ}19'40''$ East, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North $34^{\circ}40'20''$ East, a distance of 50.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North $55^{\circ}19'40''$ West, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North $09^{\circ}03'10''$ West, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 730.00 feet, a central angle of $00^{\circ}52'59''$, and a chord bearing and distance of North $38^{\circ}15'13''$ East, 11.25 feet;

In a northerly direction, with said non-tangent curve to the right, an arc distance of 11.25 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North $51^{\circ}18'17''$ West, a distance of 90.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 820.00 feet, a central angle of $01^{\circ}17'26''$, and a chord bearing and distance of South $38^{\circ}03'00''$ West, 18.47 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 18.47 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South $77^{\circ}40'36''$ West, a distance of 22.71 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 275.27 feet, a central angle of $00^{\circ}01'47''$, and a chord bearing and distance of North $63^{\circ}05'57''$ West, 0.14 feet;

In a westerly direction, with said non-tangent curve to the left, an arc distance of 0.14 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 835.00 feet, a central angle of $08^{\circ}06'04''$, and a chord bearing and distance of North $40^{\circ}15'52''$ East, 117.96 feet;

In a northerly direction, with said non-tangent curve to the right, an arc distance of 118.06 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 06°01'53" East, a distance of 138.68 feet to a 1/2 inch iron rod found for corner the northeast corner of said 140.551 acre tract, common to the northwest corner of said 64.952 acre tract, same being on the southerly line of Crestridge Meadows, Phase 1, according to the plat thereof recorded in Volume 2020, Page 649 of the Plat Records of Collin County, Texas;

THENCE North 76°51'00" East, along the northerly line of said 64.952 acre tract, the southerly line of said Crestridge Meadows, Phase 1, and the southerly line of a called 75.249 acre tract of land described in a deed to Starlight Homes Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas, a distance of 1,088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE North 76°50'07" East, continuing along the northerly line of said 64.952 acre tract and along the southerly line of said 92.267 acre tract a distance of 1,358.12 feet to a 1/2 inch iron rod found for the northeast corner of said 64.952 acre tract, common to an ell corner of said 92.267 acre tract;

THENCE South 02°49'59" East, along the easterly line of said 64.952 acre tract, and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for a southwest corner of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas;

THENCE South 00°33'28" West, along the easterly line of said 64.952 acre tract and the westerly line of said Tract 1, a distance of 1,473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 64.952 acre tract, common to the southwest corner of said Tract 1, same being on the northerly line of aforesaid Meadow Creek Estates;

THENCE North 89°18'33" West, along the southerly line of said 64.952 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2,327.88 feet to the **POINT OF BEGINNING** and containing 67.729 acres (2,950,296 square feet) of land, more or less.

APPENDIX A – ENGINEER’S REPORT



Date: May 10, 2023

RE: **Engineer's Report**
Trails of Lavon – Improvement Area 1
City of Lavon, Texas

INTRODUCTION

Trails of Lavon is a proposed single-family residential development located at the intersection of County Road 484 and County Road 485 in the City of Lavon, Collin County, Texas (see Exhibit A-1). Improvement Area 1 of the development includes approximately 98 acres and 297 residential lots as depicted on Exhibit A-2 & A-3. This Engineer's Report includes information for the development improvements and associated cost for infrastructure that is anticipated to be financed with bonds sold through a Public Improvement District (PID).

DEVELOPMENT IMPROVEMENTS

Public development improvements include Sanitary Sewer Improvements, Water Improvements, Storm Sewer Improvements, Roadway Improvements, and associated Clearing, Excavation, and Erosion Control Improvements. The public development improvements have been separated into Direct Improvements serving Improvement Area 1 of the development and Major Improvements that serve the entire development.

Private development improvements include Clearing, Excavation, and Erosion Control Improvements, Retaining Wall Improvements, Landscape/Hardscape Improvements, Amenity Center Improvements, Franchise Utility Improvements, & Cluster Mailboxes

A. Direct Public Improvements

1. Clearing & Excavation Improvements

Improvements including all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales and channels within Improvement Area 1.

2. Erosion Control Improvements

Improvements including the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area 1.

3. Water Improvements

Improvements including trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each lot within Improvement Area 1. The water improvements will be owned and operated by Bear Creek Special Utility District. The water improvements are depicted on Exhibit C.

4. Sanitary Sewer Improvements

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each lot within Improvement Area 1. The sanitary sewer improvements will be owned and operated by the City of Lavon. The sanitary sewer improvements are depicted on Exhibit D.

5. Storm Sewer Improvements

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage within Improvement Area 1. The storm sewer improvements will be owned and operated by the City of Lavon. The sanitary sewer improvements are depicted on Exhibit E.

6. Roadway Improvements

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area 1. The roadway improvements will be owned and operated by the City of Lavon. The roadway improvements are depicted on Exhibit F.

B. Major Public Improvements**1. Clearing & Excavation Improvements**

Improvements including all clearing and excavation associated with the public arterial road rights-of-way within the Trails of Lavon Development.

2. Erosion Control Improvements

Improvements including the installation of all erosion control measures associated with the public arterial road rights-of-way and major utility improvements within or serving the Trails of Lavon Development.

3. Water Improvements

Improvements including trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, testing, and all other necessary appurtenances required to provide water service to the Trails of Lavon Development. The water improvements will be owned and operated by Bear Creek Special Utility District. The water improvements are depicted on Exhibit G.

4. Sanitary Sewer Improvements

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to the Trails of Lavon Development. The sanitary sewer improvements will be owned and operated by the City of Lavon. The sanitary sewer improvements are depicted on Exhibit H.

5. Storm Sewer Improvements

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage for the arterial road rights-of-way within the Trails of Lavon Development. The storm sewer improvements will be owned and operated by the City of Lavon. The sanitary sewer improvements are depicted on Exhibit I.

6. Roadway Improvements

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public arterial road rights-of-way within the Trails of Lavon Development. The roadway improvements will be owned and operated by the City of Lavon. The roadway improvements are depicted on Exhibit J.

C. Private Improvements**1. Clearing & Excavation Improvements**

Improvements including all clearing and excavation associated with the residential and open space lots within the Trails of Lavon Development.

2. Erosion Control Improvements

Improvements including the installation of all erosion control measures associated with the residential and open space lots within the Trails of Lavon Development.

3. Retaining Wall Improvements

Improvements including all retaining walls associated with the residential and open space lots within the Trails of Lavon Development.

4. Landscape/Hardscape & Miscellaneous Improvements

Improvements including all landscaping, irrigation, and hardscape of open space lots, amenity center construction, cluster mailboxes, and franchise utilities within or serving the residential and open space lots in the Trails of Lavon Development.

DEVELOPMENT COSTS

An Opinion of Probable Construction Cost (OPCC) for Improvement Area 1 and the Major Improvements has been prepared and a summary is included as Exhibit B. Where applicable, the construction costs included in the (OPCC) are based on contractor proposals received to date.

DEVELOPMENT SCHEDULE

Construction for Improvement Area 1 and certain Major Improvements being constructed with the initial phase of construction has commenced and is anticipated to be complete for final acceptance by June of 2023.

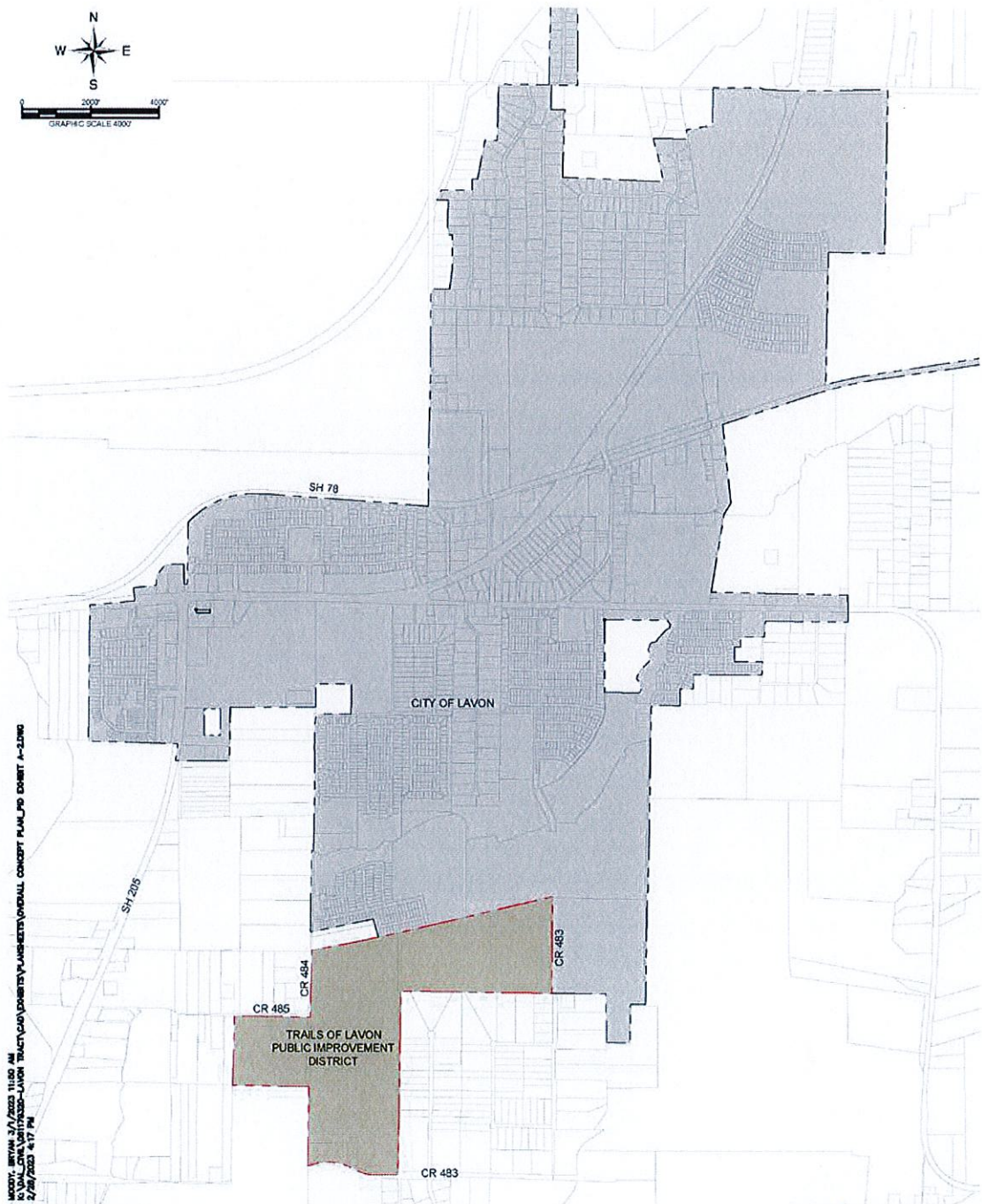


NOCT, 2/1/2023 11:00 AM
NOCT, 2/1/2023 11:00 AM
2/16/2023 4:17 PM

PLotted BY
LAST SAVED

Exhibit A-1 Location Map

Trails of Lavon
Lavon, Collin County, Texas
February 2023

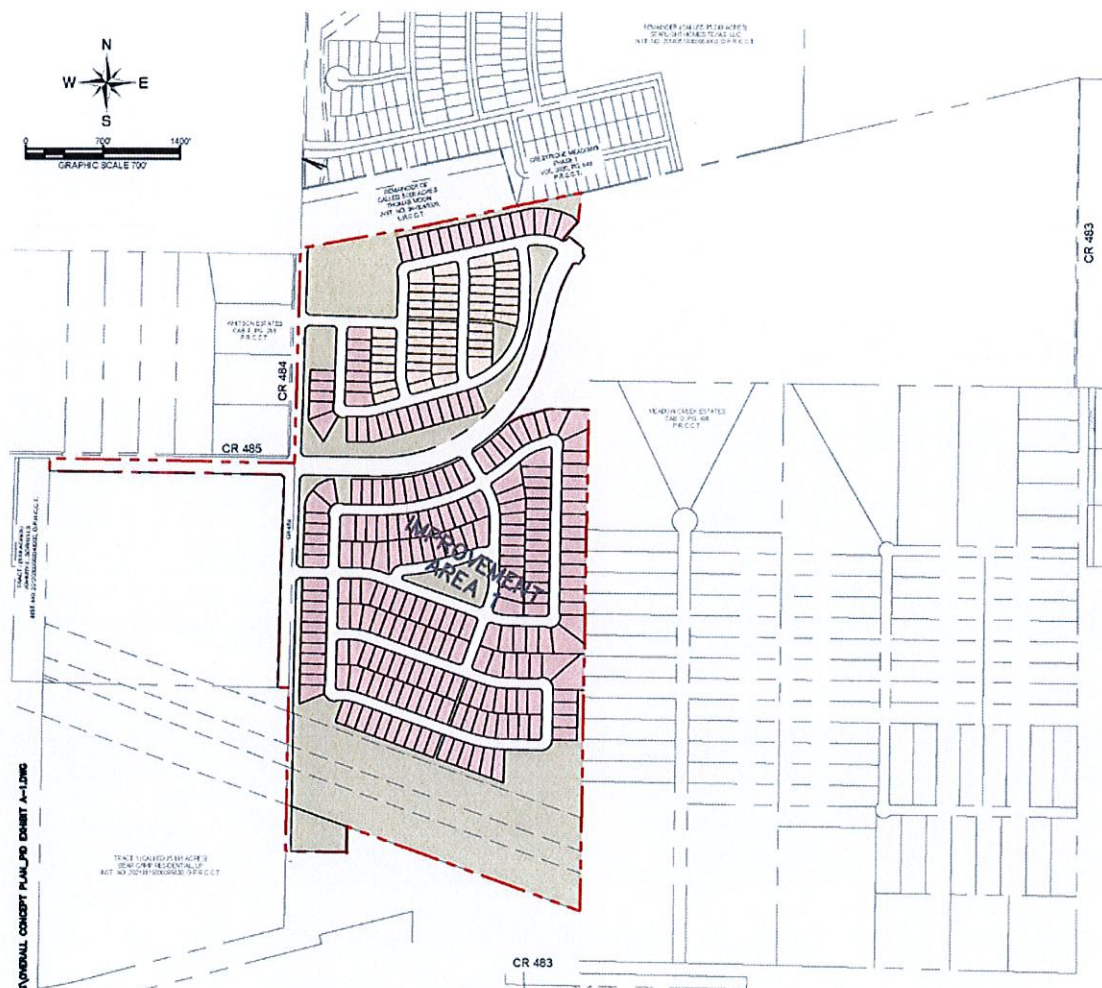


Kimley»Horn
13455 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75249
972-772-1300
State of Texas Registration No. F-028
THIS PLAN IS A PRELIMINARY PLAN AND IS NOT TO BE USED FOR CONSTRUCTION WITHOUT THE SIGNATURE OF A PROFESSIONAL ENGINEER.



Kimley»Horn
13455 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972-770-1300
State of Texas Registration No. F-928

NOTE: THIS FIRM IS A FULL-TIME, IN-NATURE, AND HAS BEEN PROVIDED WITHOUT THE BENEFIT OF AN AUDIT. INFORMATION IS UNAUDITED. (SEEKING AGENCY FOR 2011)



IMPROVEMENT AREA 1 LOT SUMMARY	
LOT TYPE	COUNT
LOT TYPE 1 (40' LOTS)	54
LOT TYPE 2 (50'-80' LOTS)	243
TOTAL	297

Exhibit A-3
Improvement Area 1 Lot Summary
Trails of Lavon
Lavon, Collin County, Texas
February 2023

Kimley»Horn
13455 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75243
972-770-1300
State of Texas Registration No. F-928

Kimley»Horn EXHIBIT B - OPINION OF PROBABLE CONSTRUCTION COST TRAILS OF LAVON - LAVON, TX COST SUMMARY - IMPROVEMENT AREA 1 May 10, 2023				
	DIRECT PUBLIC IMPROVEMENTS	MAJOR PUBLIC IMPROVEMENTS	PRIVATE IMPROVEMENTS	TOTAL
DIVISION				
A. CLEARING & EXCAVATION	\$399,730.00	\$88,171.50	\$1,184,628.50	\$1,672,530.00
B. EROSION CONTROL	\$83,102.25	\$19,570.00	\$90,925.00	\$193,597.25
C. SANITARY SEWER	\$1,339,394.54	\$2,288,843.09	\$0.00	\$3,628,037.63
D. WATER	\$1,835,810.83	\$324,553.77	\$0.00	\$2,160,364.60
E. STORM SEWER	\$2,957,013.05	\$184,951.41	\$0.00	\$3,141,964.46
F. ROADWAY	\$2,449,190.43	\$2,309,688.67	\$0.00	\$4,758,879.10
G. RETAINING WALLS	\$0.00	\$0.00	\$311,708.00	\$311,708.00
H. LANDSCAPE/HARDSCAPE & MISCELLANEOUS	\$0.00	\$0.00	\$5,358,995.00	\$5,358,995.00
SUB-TOTAL	\$9,064,240.90	\$5,215,578.44	\$6,946,256.50	\$21,226,075.84
PLANNING, SURVEY, PLATTING, ENGINEERING & STAKING	\$906,424.09	\$521,557.84	\$694,625.65	\$2,122,607.58
CITY INSPECTION FEES (4% of C, E, & F)	\$289,823.92	\$191,331.33	\$0.00	\$481,155.25
BEAR CREEK SUD INSPECTION FEES (5% of D)	\$91,790.53	\$16,227.89	\$0.00	\$108,018.22
CONSTRUCTION MATERIALS TESTING (2% of A and C-F)	\$179,822.77	\$103,920.17	\$23,692.57	\$307,235.51
MISCELLANEOUS & CONTINGENCY (10%)	\$906,424.09	\$521,557.84	\$694,625.65	\$2,122,607.58
TOTAL	\$11,418,326.31	\$6,670,173.31	\$8,359,200.37	\$26,347,699.99

Notes:

- Costs for the improvements are based on Contractor Proposals where applicable and as noted on the following pages. The pro-rated amounts of bonds to be provided by the contractor are included and pro-rated based on the contract amounts.
- Unit prices are subject to market conditions and may vary from this OPC.
- Land cost, easement acquisition costs, interest, legal, marketing, financing, closing costs, cost of sales, HOA funding, overhead, maintenance, insurance, taxes, etc. are not included.

OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY  TRAILS OF LAVON - LAVON, TX DIRECT PUBLIC IMPROVEMENTS May 10, 2023				
		IMPROVEMENT AREA:		1
PROJECT NAME:	Trails of Lavon	NO. OF LOTS:		297
CITY:	Lavon, Collin County, Texas	GROSS AC.		98.11
JOB NUMBER:		NET AC.		81.86

A. CLEARING & EXCAVATION				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (CHC, DATED MARCH 28, 2022)	LS	\$349,550.00	1	\$349,550.00
PHASE 2A CONTRACTOR PROPOSAL (CHC, DATED MAY 5, 2022)	LS	\$50,180.00	1	\$50,180.00
TOTAL CLEARING & EXCAVATION				\$399,730.00

B. EROSION CONTROL				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
8' CURLEX (BEHIND CURB)	LF	\$1.70	26,670	\$45,339.00
CURLEX MATTING (POND BANKS)	SF	\$0.17	148,725	\$25,283.25
INLET PROTECTION	EA	\$155.00	56	\$8,680.00
ROCK CHECK DAM	EA	\$950.00	4	\$3,800.00
TOTAL EROSION CONTROL				\$83,102.25

C. SANITARY SEWER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$987,783.21	1	\$987,783.21
PHASE 2A CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED MAY 21, 2022)	LS	\$351,611.33	1	\$351,611.33
TOTAL SANITARY SEWER				\$1,339,394.54

OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY				
		TRAILS OF LAVON - LAVON, TX DIRECT PUBLIC IMPROVEMENTS May 10, 2023		
		IMPROVEMENT AREA: 1		
PROJECT NAME:	Trails of Lavon		NO. OF LOTS:	297
CITY:	Lavon, Collin County, Texas		GROSS AC.	98.11
JOB NUMBER:			NET AC.	81.86

D. WATER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$1,245,185.81	1	\$1,245,185.81
PHASE 2A CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED MAY 21, 2022)	LS	\$590,624.82	1	\$590,624.82
TOTAL WATER				\$1,835,810.63

E. STORM SEWER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$1,869,262.70	1	\$1,869,262.70
PHASE 2A CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED MAY 21, 2022)	LS	\$1,087,750.35	1	\$1,087,750.35
TOTAL STORM SEWER				\$2,957,013.05

F. ROADWAY				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (CHC, DATED MARCH 4, 2022)	LS	\$1,817,560.18	1	\$1,817,560.18
PHASE 2A CONTRACTOR PROPOSAL (CHC, DATED JUNE 28, 2022)	LS	\$533,630.25	1	\$533,630.25
STREET LIGHTS	EA	\$3,500.00	28	\$98,000.00
TOTAL ROADWAY				\$2,449,190.43

OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY TRAILS OF LAVON - LAVON, TX MAJOR PUBLIC IMPROVEMENTS May 10, 2023			
			
PROJECT NAME: Trails of Lavon		IMPROVEMENT AREA: 1	
CITY: Lavon, Collin County, Texas		NO. OF LOTS: 297	
JOB NUMBER:		GROSS AC. 98.11	
		NET AC. 81.86	

A. CLEARING & EXCAVATION				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (CHC, DATED MARCH 28, 2022)	LS	\$88,171.50	1	\$88,171.50
TOTAL CLEARING & EXCAVATION				\$88,171.50

B. EROSION CONTROL				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
8' CURLEX (BEHIND PAVEMENT)	LF	\$1.70	10,600	\$18,020.00
INLET PROTECTION	EA	\$155.00	10	\$1,550.00
TOTAL EROSION CONTROL				\$19,570.00

C. SANITARY SEWER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$356,883.09	1	\$356,883.09
PRO-RATA FEE FOR CONNECTION TO EXISTING 24" SEWER LINE	LS	\$1,760.00	1	\$1,760.00
WASTEWATER TREATMENT PLANT EXPANSION (PROPORTIONAL COST SHARE)	LS	\$1,930,000.00	1	\$1,930,000.00
TOTAL SANITARY SEWER				\$2,288,643.09

OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY Kimley»Horn TRAILS OF LAVON - LAVON, TX MAJOR PUBLIC IMPROVEMENTS May 10, 2023			
		IMPROVEMENT AREA:	1
PROJECT NAME:	Trails of Lavon		NO. OF LOTS: 297
CITY:	Lavon, Collin County, Texas		GROSS AC. 98.11
JOB NUMBER:			NET AC. 81.86

D. WATER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$324,553.77	1	\$324,553.77
TOTAL WATER				\$324,553.77

E. STORM SEWER				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (MX CONSTRUCTION, DATED APRIL 5, 2022)	LS	\$184,951.41	1	\$184,951.41
TOTAL STORM SEWER				\$184,951.41

F. ROADWAY				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (CHC, DATED MARCH 4, 2022)	LS	\$2,129,688.67	1	\$2,129,688.67
FRANCHISE UTILITY RELOCATION	LF	\$100.00	1,150	\$115,000.00
STREET LIGHTS	EA	\$6,500.00	10	\$65,000.00
TOTAL ROADWAY				\$2,309,688.67

 OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY TRAILS OF LAVON - LAVON, TX PRIVATE IMPROVEMENTS May 10, 2023				
			IMPROVEMENT AREA:	1
PROJECT NAME:	Trails of Lavon		NO. OF LOTS:	297
CITY:	Lavon, Collin County, Texas		GROSS AC.	98.11
JOB NUMBER:			NET AC.	81.86

A. CLEARING & EXCAVATION				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (CHC, DATED MARCH 28, 2022)	LS	\$795,596.00	1	\$795,596.00
PHASE 2A CONTRACTOR PROPOSAL (CHC, DATED MAY 5, 2022)	LS	\$389,032.50	1	\$389,032.50
TOTAL CLEARING & EXCAVATION				\$1,184,628.50

B. EROSION CONTROL				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
CONSTRUCTION ENTRANCE	EA	\$2,500.00	1	\$2,500.00
SILT FENCE	LF	\$1.75	8,100	\$14,175.00
OVERSEED LOTS	LOT	\$50.00	297	\$14,850.00
EROSION CONTROL MAINTENANCE & INSPECTION BUDGET	LOT	\$200.00	297	\$59,400.00
TOTAL EROSION CONTROL				\$90,925.00

G. RETAINING WALLS				
DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
PHASE 1 CONTRACTOR PROPOSAL (RPMX, DATED OCTOBER 19, 2022)	LS	\$218,812.00	1	\$218,812.00
PHASE 2A CONTRACTOR PROPOSAL (RPMX, DATED OCTOBER 19, 2022)	LS	\$92,896.00	1	\$92,896.00
TOTAL RETAINING WALLS				\$311,708.00

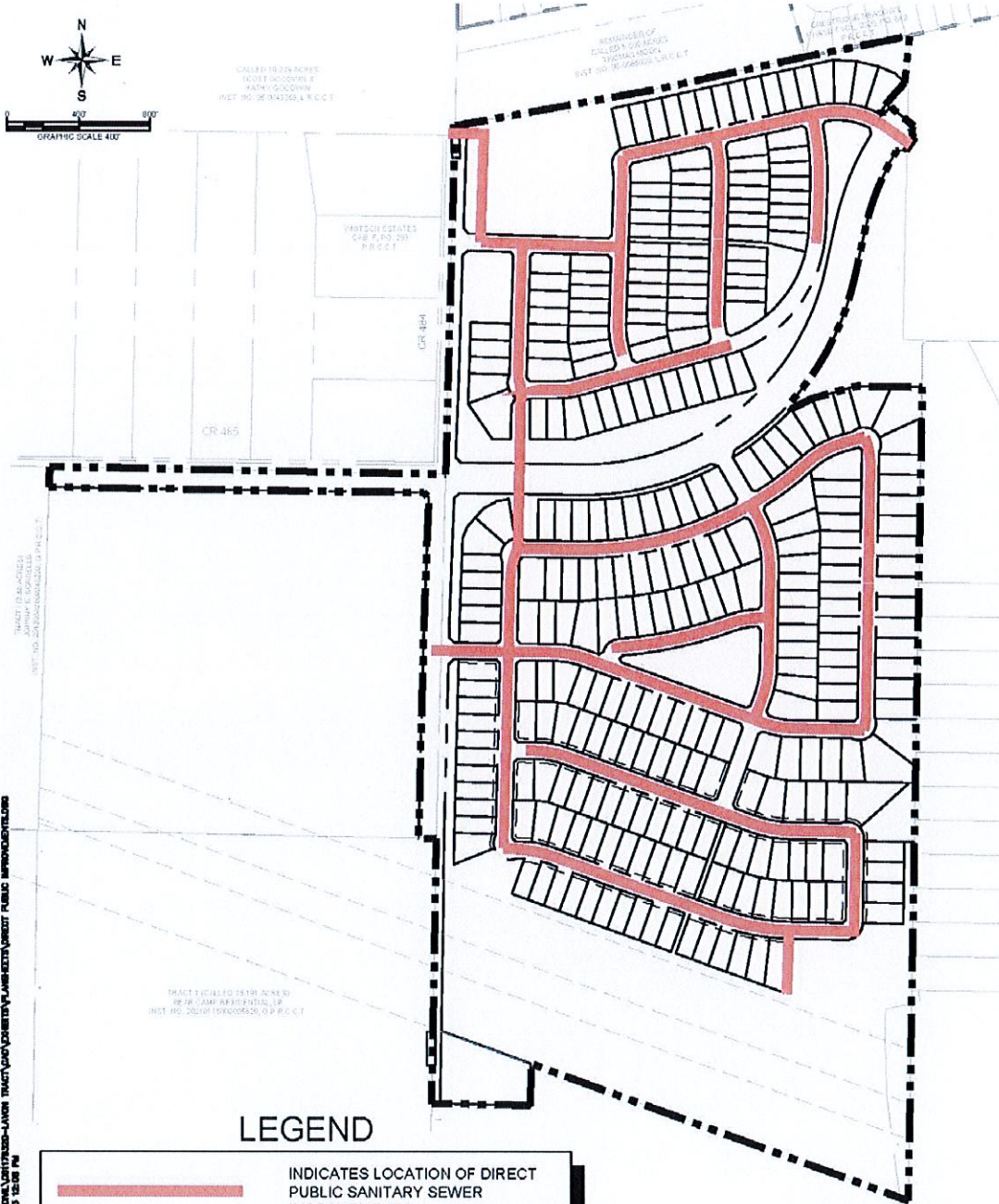
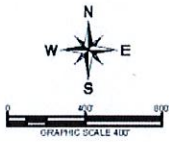
Kimley»Horn

May 10, 2023

			IMPROVEMENT AREA		1
PROJECT NAME:	Trails of Lavon			NO. OF LOTS:	297
CITY:	Lavon, Collin County, Texas			GROSS AC.	98.11
JOB NUMBER:				NET AC.	81.86

H. LANDSCAPE/HARDSCAPE & MISCELLANEOUS

DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTAL
LANDSCAPE/IRRIGATION/HARDSCAPE ALLOWANCE	LOT	\$5,500.00	297	\$1,633,500.00
AMENITY CENTER ALLOWANCE	LS	\$1,250,000.00	1	\$1,250,000.00
CLUSTER MAILBOXES	LOT	\$200.00	297	\$59,400.00
FRANCHISE ELECTRIC SERVICE	LOT	\$1,500.00	297	\$445,500.00
FRANCHISE GAS SERVICE	LOT	\$1,500.00	297	\$445,500.00
SWPPP	LS	\$5,135.00	297	\$1,525,095.00
TOTAL LANDSCAPE/HARDSCAPE & MISCELLANEOUS				\$5,358,995.00



LEGEND

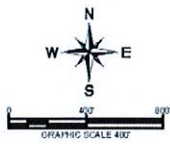
INDICATES LOCATION OF DIRECT PUBLIC SANITARY SEWER IMPROVEMENTS

NOTED, REVIEW, 2/7/2023 12:10 PM
 2/7/2023 12:10 PM
 2/7/2023 12:10 PM

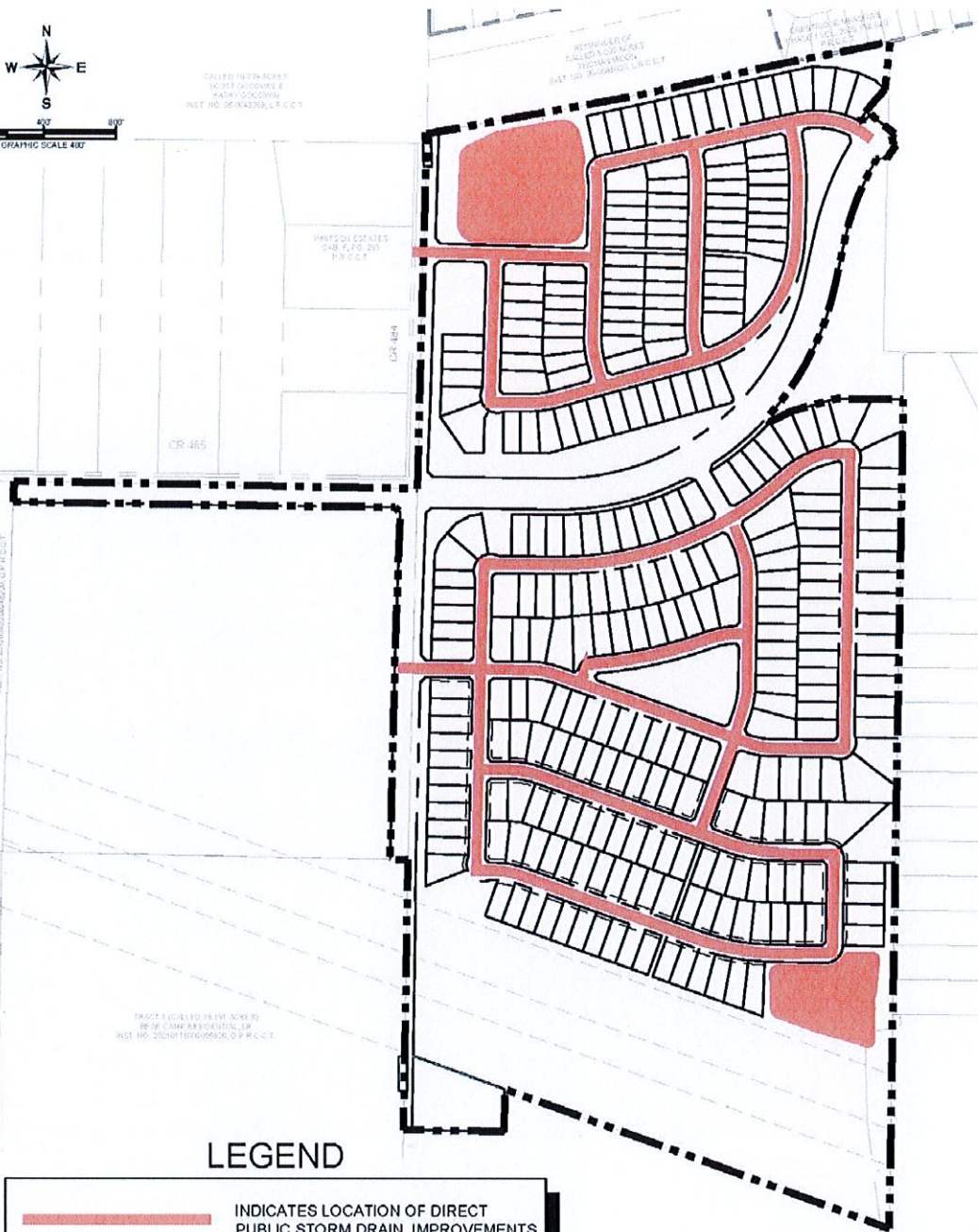
PLUTED BY
 LAST NAME

Exhibit D
 Improvement Area 1 - Sanitary Sewer
 Trails of Lavon
 Lavon, Collin County, Texas
 February 2023

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-920
NOTE: THIS PLAN IS FOR INFORMATIONAL PURPOSES ONLY. IT IS NOT TO BE USED FOR CONSTRUCTION OR FOR ANY OTHER PURPOSE WITHOUT THE WRITTEN CONSENT OF KIMLEY-HORN.



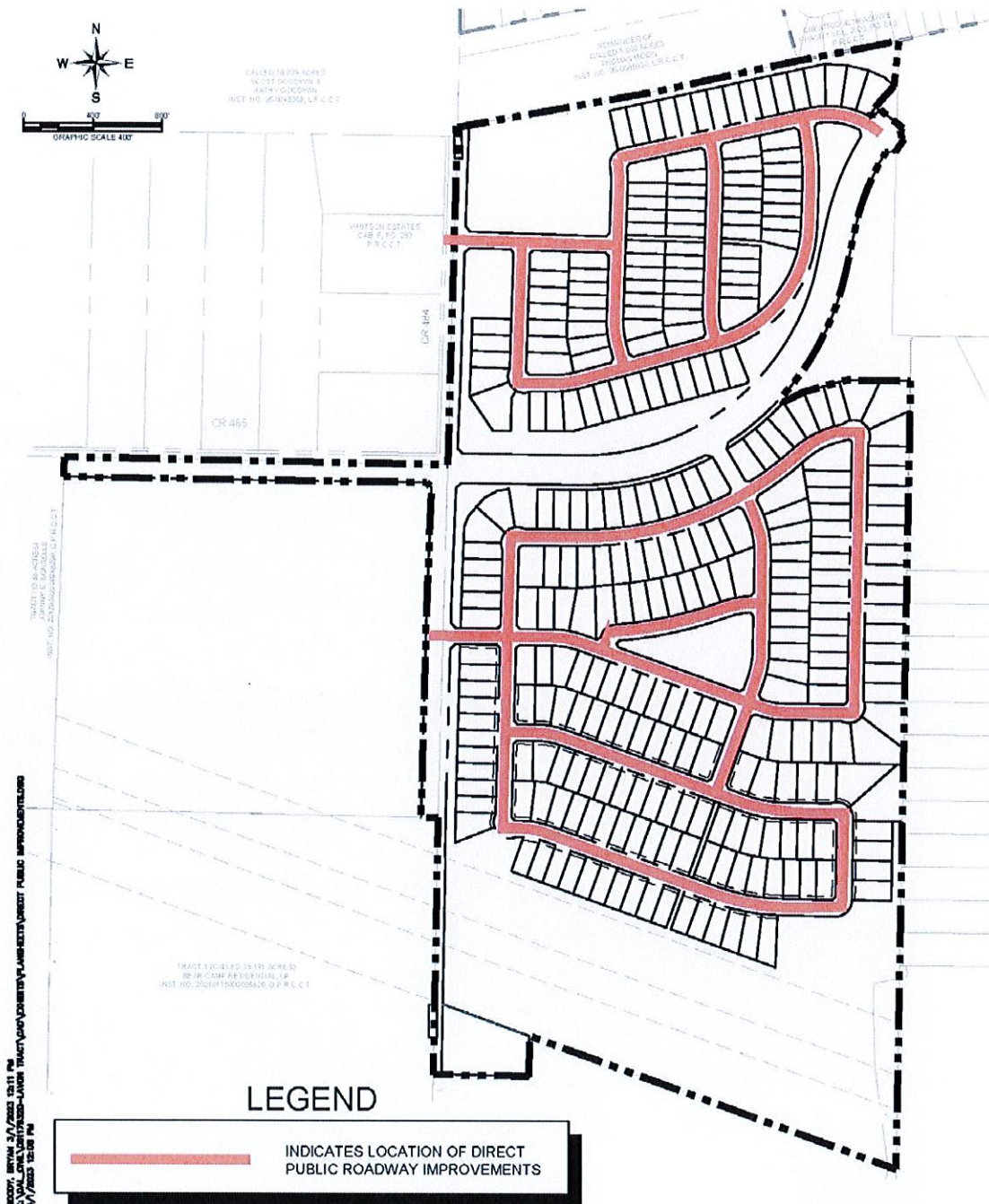
DRAWN BY: J. HORN 3/7/2023 12:10 PM
 CHECKED BY: J. HORN 3/7/2023 12:10 PM
 LAST SAID: 3/7/2023 12:10 PM



DRAWN BY: J. HORN 3/7/2023 12:10 PM
 CHECKED BY: J. HORN 3/7/2023 12:10 PM
 LAST SAID: 3/7/2023 12:10 PM

Exhibit E Improvement Area 1 - Storm Drain Trails of Lavon Lavon, Collin County, Texas February 2023

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-920
NOTES: THIS PLAN IS A PRELIMINARY DESIGN. IT IS NOT TO BE USED FOR CONSTRUCTION. THE DESIGN IS SUBJECT TO CHANGE WITHOUT NOTICE. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.

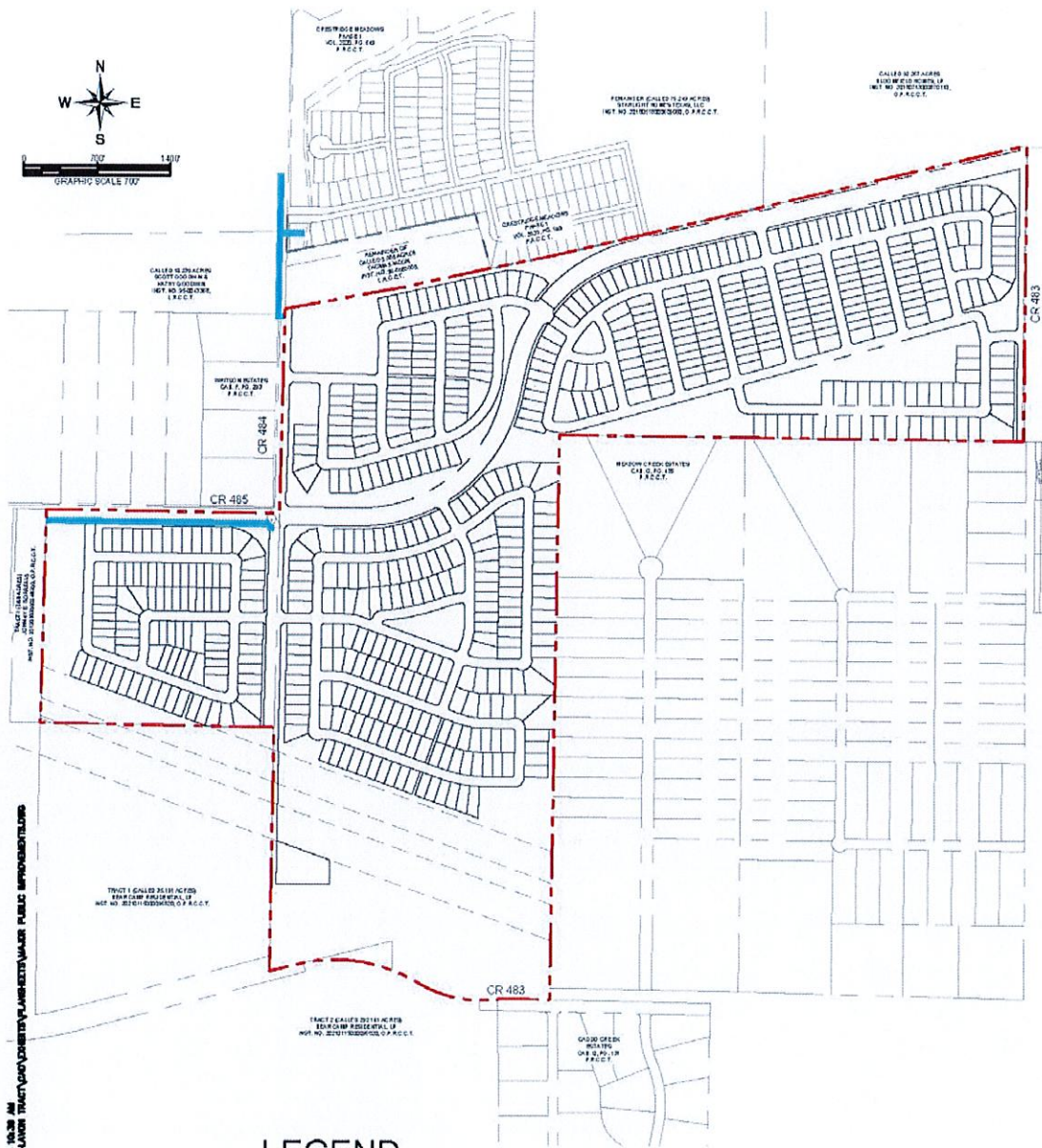


MAKING: 3/7/2023 10:11 PM
 3/7/2023 10:11 PM
 3/7/2023 10:11 PM

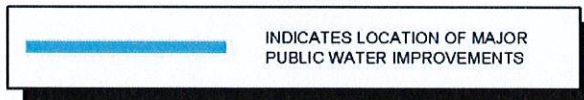
PLATTED BY
 LAST NAME

Exhibit F Improvement Area 1 - Roadway Trails of Lavon Lavon, Collin County, Texas February 2023

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-520
THIS PLAN AND ANY OTHER INFORMATION HEREON IS THE PROPERTY OF KIMLEY-HORN AND SHALL BE KEPT IN CONFIDENCE AND NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.



LEGEND

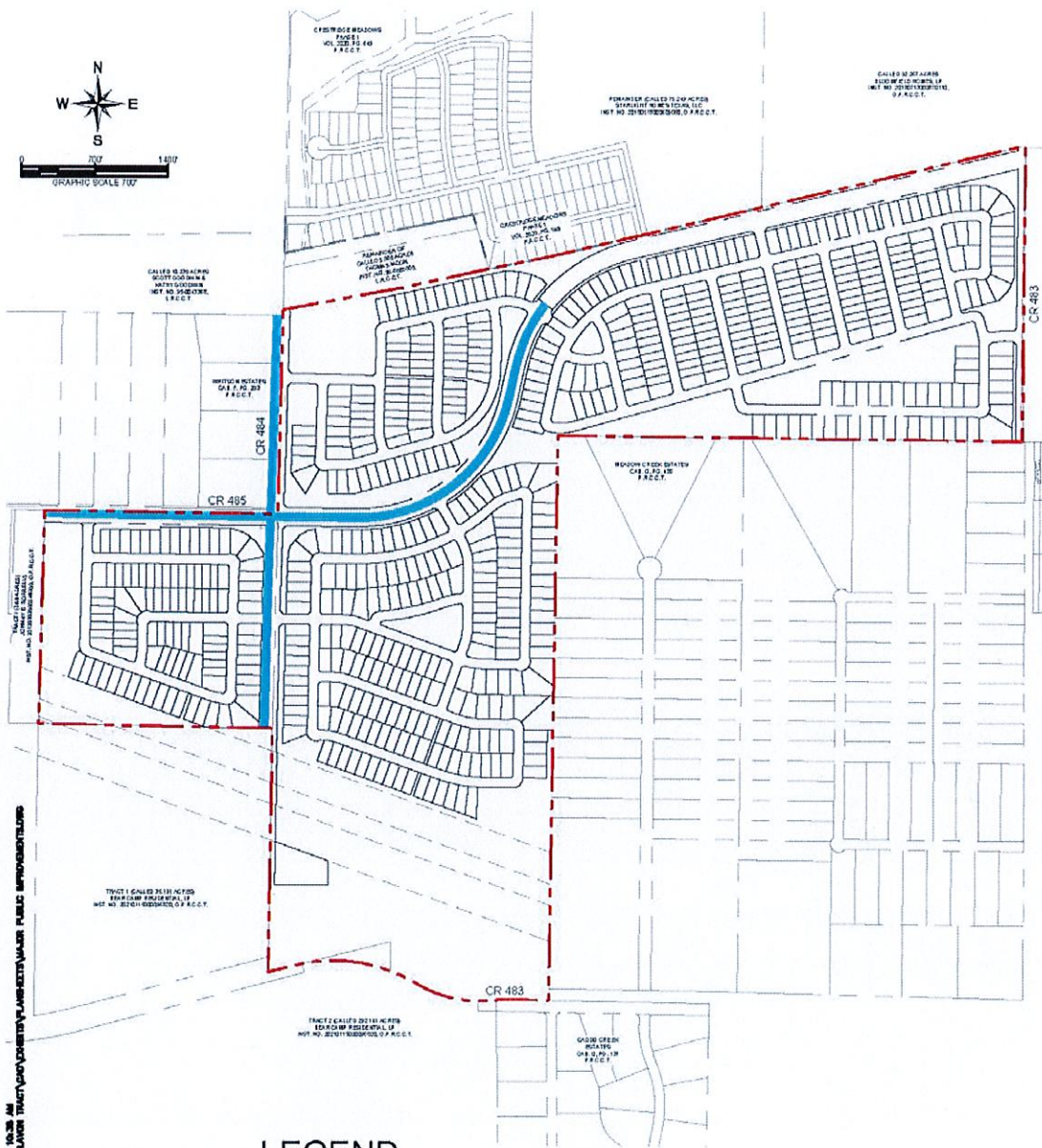


MAJOR IMPROVEMENTS
8/1/2023 10:30 AM
8/1/2023 10:30 AM
8/1/2023 10:30 AM

PLATTED BY
LAST NAME

Exhibit G
Major Improvements - Water
Trails of Lavon
Lavon, Collin County, Texas
April 2023

Kimley»Horn
13455 Noel Road
Two Galleria Tower Suite 700
Dallas, Texas 75240
972.770.1300
State of Texas Registration No. F-929
We are an Equal Opportunity Employer. We do not discriminate on the basis of race, sex, age, religion, or national origin.



LEGEND

- INDICATES LOCATION OF MAJOR PUBLIC STORM DRAIN IMPROVEMENTS

Exhibit I
Major Improvements - Storm Drain
 Trails of Lavon
 Lavon, Collin County, Texas
 April 2023

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-920
NOTE: THIS PLAN IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE A CONTRACT. THE OWNER SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AGENCIES.

PLANNED BY
 KIMLEY-HORN
 LAST REVISION
 4/1/2023 10:30 AM
 4/1/2023 10:30 AM
 4/1/2023 10:30 AM

BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Improvement Area #1

- Improvement Area #1 Initial Parcel
- Lot Type 1
- Lot Type 2

[Remainder of page left intentionally blank.]

APPENDIX B-1 - TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT - IMPROVEMENT AREA #1 INITIAL PARCEL BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING¹ RETURN TO:

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

STREET ADDRESS

IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT:
\$14,365,000.00

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

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

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

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

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

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

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

Notary Public, State of Texas]³

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

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§
§
§

COUNTY OF _____

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

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

Notary Public, State of Texas]⁴

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

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 INITIAL PARCEL

Improvement Area #1 Reimbursement Obligation				
Annual Installment Due 1/31	Principal	Interest ^{[a], [b]}	Annual Collection Costs	Annual Installment ^[c]
2024	\$ 68,572	\$ 985,056	\$ 40,000	\$ 1,093,628
2025	\$ 206,479	\$ 846,349	\$ 40,800	\$ 1,093,628
2026	\$ 217,887	\$ 834,125	\$ 41,616	\$ 1,093,628
2027	\$ 229,954	\$ 821,226	\$ 42,448	\$ 1,093,628
2028	\$ 242,718	\$ 807,613	\$ 43,297	\$ 1,093,628
2029	\$ 256,221	\$ 793,244	\$ 44,163	\$ 1,093,628
2030	\$ 270,506	\$ 778,076	\$ 45,046	\$ 1,093,628
2031	\$ 285,619	\$ 762,062	\$ 45,947	\$ 1,093,628
2032	\$ 301,608	\$ 745,153	\$ 46,866	\$ 1,093,627
2033	\$ 318,526	\$ 727,298	\$ 47,804	\$ 1,093,628
2034	\$ 336,427	\$ 708,441	\$ 48,760	\$ 1,093,628
2035	\$ 355,368	\$ 688,525	\$ 49,735	\$ 1,093,628
2036	\$ 375,411	\$ 667,487	\$ 50,730	\$ 1,093,627
2037	\$ 396,621	\$ 645,262	\$ 51,744	\$ 1,093,628
2038	\$ 419,066	\$ 621,783	\$ 52,779	\$ 1,093,628
2039	\$ 442,819	\$ 596,974	\$ 53,835	\$ 1,093,628
2040	\$ 467,957	\$ 570,759	\$ 54,911	\$ 1,093,627
2041	\$ 494,562	\$ 543,056	\$ 56,010	\$ 1,093,628
2042	\$ 522,720	\$ 513,778	\$ 57,130	\$ 1,093,628
2043	\$ 552,523	\$ 482,833	\$ 58,272	\$ 1,093,628
2044	\$ 584,066	\$ 450,123	\$ 59,438	\$ 1,093,627
2045	\$ 617,454	\$ 415,547	\$ 60,627	\$ 1,093,627
2046	\$ 652,795	\$ 378,993	\$ 61,839	\$ 1,093,628
2047	\$ 690,204	\$ 340,348	\$ 63,076	\$ 1,093,628
2048	\$ 729,802	\$ 299,488	\$ 64,337	\$ 1,093,627
2049	\$ 771,720	\$ 256,284	\$ 65,624	\$ 1,093,628
2050	\$ 816,093	\$ 210,598	\$ 66,937	\$ 1,093,628
2051	\$ 863,067	\$ 162,285	\$ 68,275	\$ 1,093,628
2052	\$ 912,795	\$ 111,192	\$ 69,641	\$ 1,093,627
2053	\$ 965,440	\$ 57,154	\$ 71,034	\$ 1,093,628
Total	\$ 14,365,000	\$ 16,821,108	\$ 1,622,723	\$ 32,808,831

Footnotes:

[a] Interest is calculated at 5.92%, which is not higher than 2% about the Bond Buyer Index of 3.92% date 7/6/2023, as allowed by the PID Act, and as described in the Improvement Area #1 Reimbursement Agreement. Upon the issuance of PID Bonds, interest shall adjust to the rate of the PID Bonds plu Additional Interest of 0.50%.

[b] Interest collected with the Annual Installment due 1/31/2024 covers interest through 9/15/2024.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**APPENDIX B-2 - TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER
DISCLOSURE - IMPROVEMENT AREA #1 - LOT TYPE 1**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING¹ RETURN TO:

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

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT: \$40,262.11

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

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

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

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

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§
§
§

COUNTY OF _____

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

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

Notary Public, State of Texas]³

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

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§
§
§

COUNTY OF _____

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

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

Notary Public, State of Texas]⁴

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

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 1

Annual Installment Due 1/31	Improvement Area #1 Reimbursement Obligation		Annual Collection Costs	Annual Installment ^[c]
	Principal	Interest ^{[a], [b]}		
2023	\$ 192.19	\$ 2,760.91	\$ 112.11	\$ 3,065.21
2024	\$ 578.72	\$ 2,372.14	\$ 114.35	\$ 3,065.21
2025	\$ 610.69	\$ 2,337.88	\$ 116.64	\$ 3,065.21
2026	\$ 644.51	\$ 2,301.73	\$ 118.97	\$ 3,065.21
2027	\$ 680.29	\$ 2,263.57	\$ 121.35	\$ 3,065.21
2028	\$ 718.13	\$ 2,223.30	\$ 123.78	\$ 3,065.21
2029	\$ 758.17	\$ 2,180.78	\$ 126.26	\$ 3,065.21
2030	\$ 800.53	\$ 2,135.90	\$ 128.78	\$ 3,065.21
2031	\$ 845.34	\$ 2,088.51	\$ 131.36	\$ 3,065.21
2032	\$ 892.76	\$ 2,038.46	\$ 133.98	\$ 3,065.21
2033	\$ 942.93	\$ 1,985.61	\$ 136.66	\$ 3,065.21
2034	\$ 996.02	\$ 1,929.79	\$ 139.40	\$ 3,065.21
2035	\$ 1,052.20	\$ 1,870.83	\$ 142.18	\$ 3,065.21
2036	\$ 1,111.65	\$ 1,808.54	\$ 145.03	\$ 3,065.21
2037	\$ 1,174.55	\$ 1,742.73	\$ 147.93	\$ 3,065.21
2038	\$ 1,241.13	\$ 1,673.19	\$ 150.89	\$ 3,065.21
2039	\$ 1,311.59	\$ 1,599.72	\$ 153.91	\$ 3,065.21
2040	\$ 1,386.15	\$ 1,522.07	\$ 156.98	\$ 3,065.21
2041	\$ 1,465.08	\$ 1,440.01	\$ 160.12	\$ 3,065.21
2042	\$ 1,548.61	\$ 1,353.28	\$ 163.33	\$ 3,065.21
2043	\$ 1,637.02	\$ 1,261.60	\$ 166.59	\$ 3,065.21
2044	\$ 1,730.60	\$ 1,164.69	\$ 169.92	\$ 3,065.21
2045	\$ 1,829.65	\$ 1,062.24	\$ 173.32	\$ 3,065.21
2046	\$ 1,934.50	\$ 953.92	\$ 176.79	\$ 3,065.21
2047	\$ 2,045.48	\$ 839.40	\$ 180.32	\$ 3,065.21
2048	\$ 2,162.97	\$ 718.31	\$ 183.93	\$ 3,065.21
2049	\$ 2,287.34	\$ 590.26	\$ 187.61	\$ 3,065.21
2050	\$ 2,419.00	\$ 454.85	\$ 191.36	\$ 3,065.21
2051	\$ 2,558.37	\$ 311.65	\$ 195.19	\$ 3,065.21
2052	\$ 2,705.93	\$ 160.19	\$ 199.09	\$ 3,065.21
Total	\$ 40,262.11	\$ 47,146.07	\$ 4,548.16	\$ 91,956.34

Footnotes:

[a] Interest is calculated at 5.92%, which is not higher than 2% about the Bond Buyer Index of 3.92% date 7/6/2023, as allowed by the PID Act, and as described in the Improvement Area #1 Reimbursement Agreement. Upon the issuance of PID Bonds, interest shall adjust to the rate of the PID Bonds plu Additional Interest of 0.50%.

[b] Interest collected with the Annual Installment due 1/31/2024 covers interest through 9/15/2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**APPENDIX B-3 - TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER
DISCLOSURE IMPROVEMENT AREA #1 - LOT TYPE 2**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING¹ RETURN TO:

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

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT: \$50,168.09

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

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

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

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

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

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

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

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

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

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

Notary Public, State of Texas]³

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

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF _____

§

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

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

Notary Public, State of Texas]⁴

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

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 2

Improvement Area #1 Reimbursement Obligation					
Annual Installment Due 1/31	Principal	Interest ^{[a], [b]}	Annual Collection Costs	Annual Installment ^[c]	
2023	\$ 239.48	\$ 3,440.19	\$ 139.70	\$ 3,819.37	
2024	\$ 721.10	\$ 2,955.77	\$ 142.49	\$ 3,819.37	
2025	\$ 760.94	\$ 2,913.08	\$ 145.34	\$ 3,819.37	
2026	\$ 803.09	\$ 2,868.04	\$ 148.25	\$ 3,819.37	
2027	\$ 847.66	\$ 2,820.49	\$ 151.21	\$ 3,819.37	
2028	\$ 894.82	\$ 2,770.31	\$ 154.23	\$ 3,819.37	
2029	\$ 944.71	\$ 2,717.34	\$ 157.32	\$ 3,819.37	
2030	\$ 997.49	\$ 2,661.41	\$ 160.47	\$ 3,819.37	
2031	\$ 1,053.33	\$ 2,602.36	\$ 163.68	\$ 3,819.37	
2032	\$ 1,112.41	\$ 2,540.00	\$ 166.95	\$ 3,819.37	
2033	\$ 1,174.93	\$ 2,474.15	\$ 170.29	\$ 3,819.37	
2034	\$ 1,241.08	\$ 2,404.59	\$ 173.69	\$ 3,819.37	
2035	\$ 1,311.08	\$ 2,331.12	\$ 177.17	\$ 3,819.37	
2036	\$ 1,385.15	\$ 2,253.50	\$ 180.71	\$ 3,819.37	
2037	\$ 1,463.54	\$ 2,171.50	\$ 184.33	\$ 3,819.37	
2038	\$ 1,546.49	\$ 2,084.86	\$ 188.01	\$ 3,819.37	
2039	\$ 1,634.29	\$ 1,993.31	\$ 191.77	\$ 3,819.37	
2040	\$ 1,727.20	\$ 1,896.56	\$ 195.61	\$ 3,819.37	
2041	\$ 1,825.54	\$ 1,794.31	\$ 199.52	\$ 3,819.37	
2042	\$ 1,929.62	\$ 1,686.24	\$ 203.51	\$ 3,819.37	
2043	\$ 2,039.78	\$ 1,572.00	\$ 207.58	\$ 3,819.37	
2044	\$ 2,156.39	\$ 1,451.25	\$ 211.73	\$ 3,819.37	
2045	\$ 2,279.81	\$ 1,323.59	\$ 215.97	\$ 3,819.37	
2046	\$ 2,410.46	\$ 1,188.63	\$ 220.29	\$ 3,819.37	
2047	\$ 2,548.75	\$ 1,045.93	\$ 224.69	\$ 3,819.37	
2048	\$ 2,695.14	\$ 895.04	\$ 229.19	\$ 3,819.37	
2049	\$ 2,850.11	\$ 735.49	\$ 233.77	\$ 3,819.37	
2050	\$ 3,014.16	\$ 566.76	\$ 238.44	\$ 3,819.37	
2051	\$ 3,187.83	\$ 388.32	\$ 243.21	\$ 3,819.37	
2052	\$ 3,371.69	\$ 199.60	\$ 248.08	\$ 3,819.37	
Total	\$ 50,168.09	\$ 58,745.76	\$ 5,667.17	\$ 114,581.03	

Footnotes:

[a] Interest is calculated at 5.92%, which is not higher than 2% about the Bond Buyer Index of 3.92% date 7/6/2023, as allowed by the PID Act, and as described in the Improvement Area #1 Reimbursement Agreement. Upon the issuance of PID Bonds, interest shall adjust to the rate of the PID Bonds plu Additional Interest of 0.50%.

[b] Interest collected with the Annual Installment due 1/31/2024 covers interest through 9/15/2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT B

Improvement Area #1 Reimbursement Agreement

IMPROVEMENT AREA #1 REIMBURSEMENT AGREEMENT
Trails of Lavon Public Improvement District

This Improvement Area #1 Reimbursement Agreement (this “Agreement”) is entered into by Meritage Homes of Texas, LLC, an Arizona limited liability company (“Developer”), and the City of Lavon, Texas (the “City”), effective as of July 18, 2023 (the “Effective Date”) in relation to the Trails of Lavon Public Improvement District (the “PID”). Developer and the City are individually referred to herein as a “Party” and collectively as the “Parties.”

SECTION 1.
RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in this Agreement or in the Trails of Lavon Public Improvement District Service and Assessment Plan, dated July 18, 2023, as the same may be amended, supplemented, and updated from time to time (the “SAP” or “Service and Assessment Plan”) passed and approved by the City Council of the City on July 18, 2023;

1.2 WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council;

1.3 WHEREAS, Developer and the City have entered into the Development Agreement, effective as of October 19, 2021, relating to the development of the property within the PID and the financing of public improvements within the PID (the “Development Agreement”);

1.4 WHEREAS on October 19, 2021, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, covering approximately 190.774 contiguous acres within the extraterritorial jurisdiction of the City;

1.5 WHEREAS, the PID is being developed in phases, and special assessments for each phase have been or will be levied against the Assessed Parcels within such phase to pay the costs of Authorized Improvements that confer a special benefit on the Assessed Parcels within such phase;

1.6 WHEREAS, Improvement Area #1 Improvements and Major Improvements (each as defined in the SAP) will be or are being constructed within or benefitting Improvement Area #1 of the PID, as described and depicted in the SAP;

1.7 WHEREAS, prior to the issuance of Improvement Area #1 Bonds, Developer has paid and may continue to pay for the Actual Costs of the Improvement Area #1 Projects benefitting the property within the Improvement Area #1 of the PID;

1.8 WHEREAS, this Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the Act;

1.9 WHEREAS, the recitals: (a) are part of this Agreement for all purposes; (b) are true and correct; and (c) each Party has relied upon such recitals in entering into this Agreement; and

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth herein, the Parties agree as follows:

SECTION 2. DEFINITIONS

“Act” means Chapter 372, Texas Local Government Code, as amended.

“Actual Cost(s)” means with respect to Improvement Area #1 Projects, the actual costs paid or incurred by or on behalf of the Developer, including: (1) the costs incurred by the Developer, or on behalf of the Developer (either directly or through affiliates) or the City for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Improvement Area #1 Projects; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Improvement Area #1 Projects; (3) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Improvement Area #1 Projects; and (5) all related permitting, and public approval expenses, architectural, engineering, legal and consulting fees, and governmental fees and charges.

“Administrator” shall have the meaning assigned to such term in the SAP.

“Annual Collection Costs” means the actual or budgeted costs and expenses related to the operation of Improvement Area #1, including, but not limited to, costs and expenses for: (1) City staff; (2) the Administrator; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and annual service plan updates; (6) paying and redeeming Improvement Area #1 Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Bond Indenture, the Service and Assessment Plan and the Act with respect to the Improvement Area #1 Bonds, including the City’s continuing disclosure and arbitrage rebate requirements; and (9) the paying agent/registrar and Trustee in connection with Improvement Area #1 Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment, as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; and (3) Annual Collection Costs.

“Assessed Parcel(s)” means any parcel within Improvement Area #1 against which an Assessment is levied.

"Assessment(s)" means an assessment levied against Assessed Parcels pursuant to the provisions of the Act for payment of Improvement Area #1 Project Costs, including the payment of Improvement Area #1 Bonds and obligations under this Agreement, and Annual Collection Costs.

"Assessment Ordinance" means the ordinance(s) adopted by the City Council levying Assessments on an Assessed Parcel within the Improvement Area #1 of the PID.

"Assessment Revenue" means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments, and Foreclosure Proceeds.

"Assessment Roll" means any assessment roll for the Assessed Parcels within the Improvement Area #1 of the PID, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID act, including updates prepared in connection with the issuance of Improvement Area #1 Bonds or any annual service plan update.

"Authorized Improvements" means (1) improvements authorized by Section 372.003 of the PID Act, (2) the costs of issuance of the Improvement Area #1 Bonds, and (3) the costs of the formation of the PID.

"Bond Indenture" means the indenture of trust pursuant to which the Improvement Area #1 Bonds are issued.

"Bond Proceeds" mean the proceeds derived from the issuance and sale of Improvement Area #1 Bonds that are deposited into the Improvement Area #1 Project Fund and made available to pay Improvement Area #1 Project Costs including design, engineering, construction and inspection costs in accordance with this Agreement and the Bond Indenture or SAP.

"Budgeted Cost" means the estimated cost for a Improvement Area #1 Project as provided for in the Service and Assessment Plan.

"Certificate for Reimbursement" means a certificate (substantially in the form of Exhibit A or as otherwise approved by Developer and the City Representative) executed by a representative of Developer and approved by the City Representative, delivered to the City Representative, specifying the work performed and the amount charged (including materials and labor costs) for Improvement Area #1 Project Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that the Improvement Area #1 Projects (or their completed segment(s)) covered by the certificate have been inspected by the City.

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

"City Representative" means the Mayor or City Manager of the City, who are hereby authorized by the City Council to undertake the actions referenced herein.

"Cost Overrun" means, with respect to each Improvement Area #1 Project, the amount of the Actual Cost paid for the Improvement Area #1 Project in excess of the Budgeted Cost for such Improvement Area #1 Project as provided for in the Service and Assessment Plan.

“Default” is defined in Section 4.6.1.

“Delinquent Collection Costs” mean costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Development Agreement” means that certain Development Agreement, effective as of October 19, 2021, by and between the Developer and the City.

“Developer Advances” mean monetary advances made by Developer to pay Improvement Area #1 Project Costs.

“Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of Improvement Area #1 Bonds.

“Failure” is defined in Section 4.6.1.

“Final Completion” means completion of an Improvement Area #1 Project in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

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

“Home Buyer Disclosure Program” means the disclosure program, administered by the Developer in accordance with Section 7.6 of the Development Agreement and applicable law.

“Improvement Area #1 Administrative Fund” means the Administrative Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Assessment Revenue collected for the payment of Annual Collection Costs and Delinquent Collection Costs.

“Improvement Area #1 Assessment Fund” means the fund established by the City under this Agreement (and segregated from all other funds of the City) into which the City deposits Assessment Revenue until they are required to be deposited into the Improvement Area #1 Pledged Revenue Fund.

“Improvement Area #1 Bonds” means the series of bonds issued in a principal amount not to exceed \$14,365,000 pursuant to the provisions of the Act and the Development Agreement to reimburse Developer for Improvement Area #1 Project Costs.

“Improvement Area #1 Pledged Revenue Fund” means the Pledged Revenue Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from

all other funds of the City) into which the City deposits Assessment Revenue securing Improvement Area #1 Bonds issued and still outstanding, as described in the Bond Indenture.

“Improvement Area #1 Project Fund” means the Project Fund, as defined in the Bond Indenture, including all accounts created within such fund, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the Bond Indenture.

“Improvement Area #1 Project Costs” mean the Actual Costs of the Improvement Area #1 Projects.

“Improvement Area #1 Projects” means the public improvements constituting Authorized Improvements to be constructed or acquired by or on behalf of the Developer within or benefiting Improvement Area #1 of the PID and described in the SAP, whether the SAP defines such Authorized Improvements as Improvement Area #1 Projects or utilizes another term.

“Maturity Date” is the date one year after the final scheduled and non-delinquent Annual Installment is collected.

“PID” means the Trails of Lavon Public Improvement District created by the PID Creation Resolution.

“PID Creation Resolution” means the resolution passed and approved by the City Council on October 19, 2021 authorizing the creation of the PID.

“Reimbursement Commencement Date” is defined in Section 3.3.1.

“Reimbursement Amount” is defined in Section 3.3.1.

“Trustee” is defined herein.

SECTION 3. FUNDING PROJECT COSTS

3.1 Fund Deposits.

3.1.1 The City hereby covenants to create on its books and records, concurrently with the execution of this Agreement, a separate fund to be designated the “Improvement Area #1 Assessment Fund.” Unless and until Improvement Area #1 Bonds are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue into the Improvement Area #1 Assessment Fund. After the issuance and delivery of Improvement Area #1 Bonds for the Improvement Area #1 Projects, the City shall bill, collect, and immediately deposit, or cause to be billed, collected, and immediately deposited, all Assessment Revenue in the manner set forth in the Bond Indenture. The City shall also deposit Bond Proceeds in the manner set forth in the Bond Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as the City ad valorem taxes are billed and collected. Funds in the Improvement Area #1 Project Fund shall only be used in accordance with the Bond Indenture. Funds in the Improvement Area #1 Assessment

Fund (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the SAP) shall only be used to pay all or any portion of the Reimbursement Amount (including accrued interest thereon) in accordance with this Agreement.

3.1.2 The City hereby confirms, covenants, and agrees that for so long as amounts are due to Developer under this Agreement, that the City will do the following in the manner and to the maximum extent permitted by applicable law, subject to any conflicting provisions in the Bond Indenture: take and pursue all reasonable actions necessary to (a) cause the Assessments to be levied and collected; (b) cause the liens related to the Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Assessments, including Annual Installments; and (c) cause no reduction, abatement or exemption of the Assessments. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding Assessed Parcel. The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Annual Collection Costs in connection with its covenants and agreements under this Section or otherwise other than funds for such purpose on deposit in the Improvement Area #1 Assessment Fund. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenue and, as a result, is unable to make transfers from the Improvement Area #1 Assessment Fund for payments to the Developer as required under this Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Agreement. The Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Improvement Area #1 Project Costs.

3.2.1 The Developer is obligated to make Developer Advances to pay all Improvement Area #1 Project Costs prior to the issuance of the Improvement Area #1 Bonds. The Improvement Area #1 Bonds will only be issued by the City as Reimbursement Bonds (as defined in the Development Agreement) for reimbursement to the Developer of Improvement Area #1 Project Costs on or after the Reimbursement Commencement Date.

3.2.2 Bond Proceeds (i) may be used to pay all or a portion of the Reimbursement Amount (plus accrued and unpaid interest) to the Developer and (ii) shall be used in the manner provided in the Bond Indenture. Developer acknowledges and agrees that it has the obligation to pay all Improvement Area #1 Project Costs regardless of whether the Bond Proceeds are or will be sufficient to pay the full amount of the Reimbursement Amount.

3.2.3 The Developer shall make Developer Advances to pay for cost overruns (after applying cost savings or reallocation of budget line items to reflect actual costs). An individual line item exceeding its estimated cost shall not be construed as a cost overrun; rather, the cost for each phase within the PID shall be viewed in its entirety. Upon the Final Completion of a Improvement Area #1 Project and payment of all outstanding invoices for such Improvement Area #1 Project, if the Actual Costs of such Improvement Area #1 Project is less than the Budgeted Cost (a "Cost Underrun"), any remaining budgeted cost, as shown in the Service and Assessment Plan, will be available to pay Cost Overruns on any other Improvement Area #1 Project. The City Representative shall promptly confirm that such remaining amounts are available to pay such Cost

Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Improvement Area #1 Projects. Any Cost Underrun for any Improvement Area #1 Project is available to pay Cost Overruns on any other Improvement Area #1 Project. The lack of Bond Proceeds or other funds in the Improvement Area #1 Project Fund shall not diminish the obligation of Developer to pay Improvement Area #1 Project Costs.

3.3 Payment of Reimbursement Amount.

3.3.1 Strictly subject to the terms, conditions, and requirements and solely from the Assessment Revenue or Bond Proceeds as herein provided and in accordance with the Development Agreement, the City agrees to pay the Developer and its assigns, and the Developer and its assigns shall be entitled to receive from the City, the amount equal to the Actual Costs of the Improvement Area #1 Projects paid by the Developer for the Improvement Area #1 Project Costs that were within the Budgeted Cost, or authorized Cost Overruns in accordance with the SAP, that were paid by the Developer as evidenced by one or more Certificates for Reimbursement approved by the City (such amount, the "Reimbursement Amount" which amount shall not in any event exceed \$14,365,000), plus interest on the unpaid balance in accordance with the terms of this Agreement, and which Reimbursement Amount shall be reimbursed to the Developer and its assigns, plus interest accrued, as hereinafter provided. The amount of each Certificate for Reimbursement approved by the City shall be added to the principal amount of the Reimbursement Amount, not to exceed the maximum Reimbursement Amount set forth above. The obligation of the City to pay the Developer the Reimbursement Amount pursuant to the terms of this Agreement shall not commence, and interest shall not begin to accrue on the unpaid principal balance of the Reimbursement Amount, until the date (the "Reimbursement Commencement Date") that both of the following have occurred: (i) all Improvement Area #1 Projects (including all Major Improvements) have reached Final Completion and have been dedicated to the City, and (ii) the Developer has submitted, and the City has approved, Certificates for Reimbursement covering all Improvement Area #1 Project Costs for all Improvement Area #1 Projects. The City's acceptance of Improvement Area #1 Projects and approval of Developer's Certificates for Reimbursement shall be in accordance with City ordinances, regulations, and procedures, the Development Agreement and Sections 3.5.2 and 3.10 hereof, and if in accordance with such, shall not otherwise be unreasonably withheld, conditioned, delayed, or denied. Unless or until Improvement Area #1 Bonds are issued, on and after the Reimbursement Commencement Date, the City agrees to pay Developer solely from funds on deposit in the Improvement Area #1 Assessment Fund for such purpose, and Developer shall be entitled to receive payments from such source the Reimbursement Amount plus simple interest on the unpaid principal balance of the Reimbursement Amount at a rate of 5.92% per annum, which rate does not exceed the interest rate permitted under subsections (e)(1) and (e)(2) of Section 372.023 of the Act. Upon the issuance of the Improvement Area #1 Bonds, the City agrees to pay Developer the then unpaid principal balance of the Reimbursement Amount plus any accrued and unpaid interest thereon to such date from Bond Proceeds on deposit in the Improvement Area #1 Project Fund; and, notwithstanding anything in this Agreement to the contrary, the maximum amount that Developer may be reimbursed or paid under this Agreement shall be equal to the amount of Bond Proceeds on deposit in the Improvement Area #1 Project Fund.

3.3.2 The obligation of the City to pay the Reimbursement Amount and accrued

interest thereon is payable solely from the Improvement Area #1 Assessment Fund or from Bond Proceeds on deposit in the Improvement Area #1 Project Fund as described in this Agreement. No other City funds, revenue, taxes, income, or property shall be used. Payments from the Improvement Area #1 Assessment Fund shall be applied in accordance with this Agreement. Each payment from the Improvement Area #1 Assessment Fund shall be accompanied by an accounting that certifies the Reimbursement Amount as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made.

3.4 Improvement Area #1 Bonds. Following a request by the Developer for the issuance of the Improvement Area #1 Bonds in accordance with the Development Agreement, and on or after the Reimbursement Commencement Date, the City, in its sole, legislative discretion, may issue a single series of Improvement Area #1 Bonds, when and if the City Council determines it is financially feasible for the purposes of paying all or a portion of the Reimbursement Amount. Improvement Area #1 Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of the Improvement Area #1 Bonds for such purpose, this Agreement shall terminate in accordance with Section 4.1 hereof. The failure of the City to issue Improvement Area #1 Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City.

3.4.1 Concurrently with the levy of the Assessments by the City, the Developer and each owner of property in Improvement Area #1 of the PID shall execute an agreement with the City (a "Landowner Agreement") approving and accepting the creation of the PID, the levy of the Assessments on all land owned by such owner benefitted by the Improvement Area #1 Projects and the associated Home Buyer Disclosure Program, and shall cause to be recorded against the applicable portion of the Improvement Area #1 Parcels covenants running with the land that will bind any and all current and successor owners of the portion of the such Improvement Area #1 Parcels to: (i) pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and that the purchasers of such land take their title subject to and expressly assume the terms and provisions of such Assessments and the liens created thereby; and (ii) comply with the Home Buyer Disclosure Program.

3.4.2 When selling any of the property in Improvement Area #1 of the PID, the owner thereof (including homebuilder entities) shall provide notices in a form required by Section 5.014 of the Texas Property Code, as amended, to anyone who purchases property within Improvement Area #1 of the PID notifying the purchaser: (a) that the portion of Improvement Area #1 of the PID being sold is located in Improvement Area #1 of the PID; (b) that the City has issued or may issue Improvement Area #1 Bonds; (c) that the City has levied or may levy Assessments; (d) of the unpaid reimbursement amount of the Assessment against such property within Improvement Area #1 of the PID; (e) of the estimated annual installments if Assessments are not paid in full; and (f) of the estimated duration of the Assessment and annual installments. Further, Developer shall, and, in the event Developer sells lots to homebuilders, the Developer shall include a requirement in Developer's lot sale contracts with homebuilders requiring the homebuilders to, continuously post a notice of the Assessments in a conspicuous location in each model home and provide an explanation of the Assessments in written brochures and promotional materials given to each prospective purchaser. Notwithstanding any other provision in this

Agreement, this Section 3.4.2 applies to all owners and developers, including the Developer, of all or any portion of the Property.

3.5 Disbursements and Transfers at and after Bond Closing; Approval of Certificates for Reimbursement.

3.5.1 If Improvement Area #1 Bonds are issued, the City will cause the Trustee under the Bond Indenture to pay from the proceeds of the bonds at closing of the Improvement Area #1 Bonds approved amounts from the appropriate account to the City or its designees, which costs may include payment for costs of issuance and payment of City costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by Developer on behalf of the City or the City as of the time of the delivery of the Improvement Area #1 Bonds.

3.5.2 Upon receipt of a Certificate for Reimbursement (along with all accompanying documentation required by the City) from the Developer, the City engineer or other individual employed by the City to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected (the "City Inspector") shall have the option to conduct a review in order to confirm that such request is complete, to confirm that the work with respect to such Improvement Area #1 Project identified therein for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefor and with the terms of this Agreement and the Development Agreement, and to verify and approve the actual cost of such work specified in such Certificate for Reimbursement (collectively, the "Developer Compliance Requirements"), and shall, upon the conclusion of the review, forward the request to Administrator and/or City Representative. The Administrator and/or City Representative shall also conduct such review as is required in their discretion to confirm the matters certified in the Certificate for Reimbursement. The Developer agrees to cooperate with the Administrator and/or City Representative in conducting each such review and to provide the Administrator and/or City Representative with such additional information and documentation as is reasonably necessary for the Administrator and/or City Representative to conclude each such review. Within fifteen (15) business days of receipt of any Certificate for Reimbursement, the Administrator shall either (i) approve and execute the Certificate for Reimbursement and forward the same to City Representative for approval as an additional principal amount of the Reimbursement Amount, or (ii) in the event the Administrator disapproves the Certificate for Reimbursement, give written notification to the Developer of the Administrator's disapproval, in whole or in part, of such Certificate for Reimbursement, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certificate for Reimbursement. If a Certificate for Reimbursement seeking reimbursement is approved only in part, the Administrator shall specify the extent to which the Certificate for Reimbursement is approved and shall deliver such partially approved Certificate for Reimbursement to the City Representative for approval in accordance with this Section, and any such partial work shall be processed for payment under this Section, notwithstanding such partial denial. Within fifteen (15) business days of receipt of any Certificate for Reimbursement, the City Representative shall approve or deny the Certificate for Reimbursement, and provide notice to the Administrator and Developer. The approval of the Certificate for Reimbursement by the City Representative shall constitute a representation by the City Representative of the Developer's compliance therein. If the City Representative denies the

Certificate for Reimbursement, the denial must be in writing, stating the reason(s) for denial, which may not be arbitrary or capricious and which may be based only on compliance with City code, applicable law, or the Development Agreement. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certificate for Reimbursement by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certificate for Reimbursement shall not be forwarded to the City Representative for payment until the dispute is resolved by the City and the Developer. The Developer shall deliver the approved or partially approved Certificate for Reimbursement by the City Representative as provided herein, or approved by the City Council, to the City Representative for payment from the Improvement Area #1 Assessment Fund or Bond Proceeds in accordance with this Agreement.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than the Improvement Area #1 Assessment Fund or the Bond Proceeds in the Improvement Area #1 Project Fund. No other City funds, revenues, taxes, or income of any kind other than the funds on deposit in the Improvement Area #1 Assessment Fund or the Improvement Area #1 Project Fund shall be used to pay: (a) the Improvement Area #1 Project Costs; (b) the Reimbursement Amount, or accrued and unpaid interest thereon, even if the Reimbursement Amount and accrued interest are not paid in-full on or before the Maturity Date or termination of this Agreement in accordance with Section 4.1 hereof; or (c) debt service on any Improvement Area #1 Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants, or representatives shall incur any liability hereunder to Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. If Developer is then in current compliance with its obligations under the Development Agreement, the Developer Continuing Disclosure Agreement if applicable, and this Agreement, and is not delinquent in payment of the Assessments and paying property taxes or any other amounts payable to the City, then following the Reimbursement Commencement Date, the obligations of the City under this Agreement to pay the Reimbursement Amount (whether to Developer or to any person designated by Developer) in accordance with this Agreement are unconditional and not subject to any defenses or rights of offset except as may be provided in any Bond Indenture.

3.8 City Delegation of Authority. All Improvement Area #1 Projects shall be constructed by or at the direction of Developer in accordance with the Development Agreement and this Agreement and any other applicable agreement between the Parties related to property in Improvement Area #1 of the PID. Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Improvement Area #1 Projects in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer has sole responsibility of ensuring that all Improvement Area #1 Projects are constructed in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified

persons utilizing their reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer shall, at all time, employ adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction, and installation of all Improvement Area #1 Projects to be acquired and accepted by the City from Developer. If any Improvement Area #1 Projects are or will be on land owned by the City, the City hereby grants to Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) thereof. Inspection and acceptance of Improvement Area #1 Projects will be in accordance with applicable City ordinances and regulations.

3.9 Security for Improvement Area #1 Projects. The Developer shall provide or cause to be provided a two (2) year maintenance bond relating to the Improvement Area #1 Projects in accordance with the Development Agreement. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas. Nothing in this Agreement shall be deemed to prohibit Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to Developer or the City with respect thereto so long as such delay in performance shall not subject the Improvement Area #1 Projects to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Improvement Area #1 Projects is contested, Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed one hundred percent (100%) of the disputed amount.

3.10 Ownership and Transfer of Improvement Area #1 Projects. The Developer shall furnish to the City a preliminary title report for land related to the Improvement Area #1 Projects to be acquired and accepted by the City from Developer and not previously dedicated or otherwise conveyed to the City. The report shall be made available for City review and approval at least fifteen (15) business days prior to the scheduled transfer of title. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the common use and enjoyment subscribed to such Improvement Area #1 Projects. If the City objects to any preliminary title report, the City shall not be obligated to accept title to the applicable Improvement Area #1 Projects until Developer has cured the objections to the reasonable satisfaction of the City. Conveyance of the Improvement Area #1 Projects shall be by final plat, or other instrument of conveyance to be filed in the land records that may be approved by the City, in its sole discretion.

SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earliest to occur of: (i) the Maturity Date, (ii) the date on which the Reimbursement Amount plus accrued interest is paid in full, or (iii) the date on which the Improvement Area #1 Bonds are issued. Upon termination of this Agreement, the amount of the Reimbursement Amount that has not been paid, plus the accrued and unpaid interest thereon

(collectively, the "Unpaid Balance") shall be canceled and for all purposes of this Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL, and such Unpaid Balance shall no longer be deemed to be payable.

4.2 No Competitive Bidding. Construction of the Improvement Area #1 Projects shall not require competitive bidding pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor.

4.3 Independent Contractor. In performing this Agreement, Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon three (3) business days' prior written notice to Developer, to review all books and records of Developer pertaining to costs and expenses incurred by Developer with respect to any of the Improvement Area #1 Projects. For a period of two (2) years after completion of the Improvement Area #1 Projects, books shall be maintained in accordance with customary real estate accounting principles.

4.5 Representations and Warranties.

4.5.1 The Developer represents and warrants to the City that: (a) Developer has the authority to enter into and perform its obligations under this Agreement; (b) Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (c) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (d) this Agreement is binding upon Developer in accordance with its terms; (e) the Developer is current on all taxes, assessments, fees and obligations to the City; (f) the Developer is not in default under the Development Agreement or any other agreement with the City related to the PID; and (g) the execution of this Agreement and the performance by Developer of its obligations under this Agreement do not constitute a breach or event of default by Developer under any other agreement, instrument, or order to which Developer is a party or by which Developer is bound.

4.5.2 The City represents and warrants to Developer that: (a) the City has the authority to enter into and perform its obligations under this Agreement; (b) the person executing this Agreement on behalf of the City has been duly authorized to do so; (c) this Agreement is binding upon the City in accordance with its terms; and (d) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

4.6 Default/Remedies.

4.6.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." If a Failure is monetary, the non-performing Party shall have ten (10) business days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure.

However, if the non-monetary Failure is of such a nature that it cannot reasonably be expected to be cured within thirty (30) days, then the Party who failed to perform shall have such time as is necessary to cure the default, so long as the failing Party commences the cure within thirty (30) days and diligently pursues such cure to completion.

4.6.2 If Developer is in Default, the City shall have available all remedies at law or in equity; provided, however, no default by Developer shall entitle the City to terminate this Agreement, cease collection of the Assessments and deposit of the Assessment Revenues, or to withhold properly due payments to Developer from the Improvement Area #1 Assessment Fund or the Improvement Area #1 Project Fund in accordance with this Agreement and the Bond Indenture or on deposit in the Improvement Area #1 Assessment Fund.

4.6.3 Subject to Section 3.7, if the City is in Default, Developer shall have available all remedies at law or in equity; provided, however, that no Default by the City shall entitle Developer to terminate this Agreement and that any financial obligation of the City will only be payable from Assessments Revenues collected for the payment of Annual Collection Costs and Delinquent Collection Costs. Any amounts or remedies due pursuant to this Agreement are not subject to acceleration.

4.7 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against Developer or any other person or entity involved in the design, construction, or installation of the Improvement Area #1 Projects. The obligations of Developer hereunder shall be those of a Party hereto and not as an owner of property in Improvement Area #1 of the PID. Nothing herein shall be construed as affecting the City's or Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in Improvement Area #1 of the PID.

4.8 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Collin County, Texas.

4.9 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (a) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (b) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City: Attn: Kim Dobbs, City Manager
City of Lavon, Texas
P.O. Box 340
120 School Road
Lavon, TX 75166

With a copy to: Attn: Julie Fort
Messer, Fort, & McDonald, PLLC
6371 Preston Road, Suite 200
Frisco, Texas 75034

To Developer: Attn: David Aughinbaugh
Meritage Homes of Texas, LLC
8840 Cypress Waters Blvd, Suite 100
Dallas, Texas 75019

With a copy to: Winstead PC
Attn: Ross Martin
2728 N. Harwood St., Suite 500
Dallas, Texas 75201

Attn: Ryan Hamilton
Meritage Homes Corporation
8800 E. Raintree Drive, Suite 300
Scottsdale, Arizona 85260

Any Party may change its address by delivering notice of the change in accordance with this section.

4.10 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.11 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.12 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.13 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City and Developer, any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City and Developer.

4.14 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.15 Employment of Undocumented Workers. During the term of this Agreement, Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay the amount of any reimbursement payment or other funds received by Developer from City from the date of this Agreement to the date of such violation within 120 days after the date Developer is notified by City of such violation, plus interest at the rate of 4% compounded annually from the date of violation until paid. Developer is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts.

4.16 Transfers. Prior to the Reimbursement Commencement Date, the Developer may not, without the prior written consent of the City, convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, any right, title, or interest under this Agreement. On or after the Reimbursement Commencement Date, the Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with prior written notice to) the City, the Developer's right, title, or interest under this Agreement including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). The rights of the Developer to assignment are conditioned upon the Transferee agreeing, in writing, to assume the rights, title or interest being assigned and to be bound by the terms and conditions of this Agreement to the extent they apply to the rights, title or interest being assigned. An assignment by the Developer pursuant to this Section shall be effective upon delivery to the City of a copy of the fully executed assignment, which shall include the information required by Section 4.9 hereof and unambiguous provisions regarding any apportionment between the Developer and the Transferee of the right to receive payment of the Unpaid Balance or any other payment. The City may rely on any notice of a Transfer or executed assignment received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice, and the Developer's sole remedy shall be to seek the funds directly from the third party. If the City determines in its sole discretion that the executed assignment received from the Developer does not unambiguously provide for the apportionment between the Developer and the Transferee of the right to receive payments of the Unpaid Balance or any other amount, the City will make such payments solely to that Developer until such time as the executed assignment is amended to unambiguously provide for such apportionment and the Transferee or other third party's sole remedy shall be to seek the funds directly from the Developer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The City shall not be required to make payments pursuant to this Agreement to more than two parties. Any assignment by a Transferee of its rights, title or interest under this Agreement shall be subject to the requirements of the Developer under this Section.

4.17 Boycott Israel. Developer verifies that the Developer (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer) does not

Boycott Israel and agrees that during the term of this Agreement (Contract as applicable) will not Boycott Israel as that term is defined in Texas Government Code Section 808.001, as amended.

4.18 Verification Pursuant to Chapters 2252 and 2270 of the Texas Government Code. As of the Effective Date, the Developer represents that, to the extent this Agreement constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Developer is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 (as enacted by Acts 2017, 85th Leg., ch. 96, Senate Bill 253) or 2252.153 of the Texas Government Code.

4.19. Verifications Pursuant to Chapter 2274, Texas Government Code. (a) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Developer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

(b) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the Developer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions, 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity

or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association, (b) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

4.20 Form 1295. The Developer represents that it has complied with Texas Government Code, Section 2252.908 and in connection therewith, the Developer has completed a Texas Ethics Commission Form 1295 Certificate generated by the Texas Ethics Commission's electronic filing system in accordance with the rules promulgated by the Texas Ethics Commission. The Developer further agrees to print the completed certificate and execute the completed certificate in such form as is required by Texas Government Code, Section 2252.908 and the rules of the Texas Ethics Commission and provide to the City at the time of delivery of an executed counterpart of this Agreement, a duly executed completed Form 1295 Certificate. The Parties agree that, except for the information identifying the City and the contract identification number, the City is not responsible for the information contained in the Form 1295 completed by the Developer. The information contained in the Form 1295 completed by the Developer has been provided solely by the Developer and the City has not verified such information.

[Execution pages follow.]

CITY:

CITY OF LAVON, TEXAS

By: _____
Name: _____
Title: _____
Date: _____

Attest:

By: _____
City Secretary

DEVELOPER:

Meritage Homes of Texas LLC
an Arizona limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A

FORM OF CERTIFICATE FOR REIMBURSEMENT

The undersigned is an agent for Meritage Homes of Texas, LLC ("Developer"), and requests payment from the City of Lavon, Texas (the "City") out of the [*Improvement Area #1 Project Fund (as defined in the Bond Indenture) / Improvement Area #1 Assessment Fund*] in the amount of \$ _____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Improvement Area #1 Projects providing a special benefit to property within Improvement Area #1 of the Trails of Lavon Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Improvement Area #1 Reimbursement Agreement, Trails of Lavon Public Improvement District, effective _____ (the "Reimbursement Agreement"). In connection with the above referenced payment, Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Certificate for Reimbursement Form on behalf of Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Improvement Area #1 Projects has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed below is a true and accurate representation of the Improvement Area #1 Project Costs associated with the creation, acquisition, or construction of said Improvement Area #1 Projects and such costs: (a) are in compliance with the Reimbursement Agreement; and (b) are consistent with the Service and Assessment Plan.
4. Developer is in compliance with the terms and provisions of the Development Agreement, Developer Continuing Disclosure Agreement, Reimbursement Agreement and the Service and Assessment Plan.
5. Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity Developer controls owes, located in the Trails of Lavon Public Improvement District and has no outstanding delinquencies for such assessments.
6. [All conditions set forth in the Bond Indenture for the payment hereby requested have been satisfied.]
7. The work with respect to the Improvement Area #1 Projects referenced below (or its completed segment, section, or portion thereof) has been completed, and the City has inspected such Improvement Area #1 Projects.
8. Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for

Improvement Area #1 Project Costs identified may be paid until the work with respect to such Improvement Area #1 Project Costs (or segment) has been completed and the City has accepted such Improvement Area #1 Project Costs (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Improvement Area #1 Projects Costs (or segment).

Payment requested is as follows:

- a. X amount to Developer.
- b. Payment / Wire Instructions

Attached hereto are invoices, cancelled checks, receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payment. Also attached hereto are **"bills paid" affidavits and supporting documentation** in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the Improvement Area #1 Projects (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

[remainder of page left blank intentionally]

DEVELOPER:

Meritage Homes of Texas LLC
an Arizona limited liability company

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certificate for Reimbursement, acknowledges the Certificate for Reimbursement, acknowledges that the Improvement Area #1 Projects (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Reimbursement to be in order. After reviewing the Certificate for Reimbursement, the City approves the Certificate for Reimbursement [and directs _____, as Trustee for the PID Improvement Area #1 Bonds, to make such payments from the PID Improvement Area #1 Project Fund to Developer].

CITY OF LAVON, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

Remainder Area Reimbursement Agreement

REMAINDER AREA REIMBURSEMENT AGREEMENT
Trails of Lavon Public Improvement District

This Remainder Area Reimbursement Agreement (this “Agreement”) is entered into by Meritage Homes of Texas, LLC, an Arizona limited liability company (“Developer”), and the City of Lavon, Texas (the “City”), effective as of July 18, 2023 (the “Effective Date”) in relation to the Trails of Lavon Public Improvement District (the “PID”). Developer and the City are individually referred to herein as a “Party” and collectively as the “Parties.”

SECTION 1.
RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in this Agreement or in the Trails of Lavon Public Improvement District Service and Assessment Plan, dated July 18, 2023, as the same may be amended, supplemented, and updated from time to time (the “SAP” or “Service and Assessment Plan”) passed and approved by the City Council of the City on July 18, 2023;

1.2 WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council;

1.3 WHEREAS, Developer and the City have entered into the Development Agreement, effective as of October 19, 2021, relating to the development of the property within the PID and the financing of public improvements within the PID (the “Development Agreement”);

1.4 WHEREAS on October 19, 2021, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, covering approximately 190.774 contiguous acres within the extraterritorial jurisdiction of the City;

1.5 WHEREAS, the PID is being developed in phases, and special assessments for each phase have been or will be levied against the Assessed Parcels within such phase to pay the costs of Authorized Improvements that confer a special benefit on the Assessed Parcels within such phase;

1.6 WHEREAS, Major Improvements (as defined in the SAP) will be or are being constructed within or benefitting the Remainder Area of the PID, as described and depicted in the SAP;

1.7 WHEREAS, prior to the issuance of Remainder Area Bonds, Developer has paid and may continue to pay for the Actual Costs of the Remainder Area Projects benefitting the property within the Remainder Area of the PID;

1.8 WHEREAS, this Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the Act;

1.9 WHEREAS, the recitals: (a) are part of this Agreement for all purposes; (b) are true and correct; and (c) each Party has relied upon such recitals in entering into this Agreement; and

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth herein, the Parties agree as follows:

SECTION 2. DEFINITIONS

“Act” means Chapter 372, Texas Local Government Code, as amended.

“Actual Cost(s)” means with respect to Remainder Area Projects, the actual costs paid or incurred by or on behalf of the Developer, including: (1) the costs incurred by the Developer, or on behalf of the Developer (either directly or through affiliates) or the City for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Remainder Area Projects; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Remainder Area Projects; (3) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Remainder Area Projects; and (5) all related permitting, and public approval expenses, architectural, engineering, legal and consulting fees, and governmental fees and charges.

“Administrator” shall have the meaning assigned to such term in the SAP.

“Annual Collection Costs” means the actual or budgeted costs and expenses related to the operation of the Remainder Area, including, but not limited to, costs and expenses for: (1) City staff; (2) the Administrator; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and annual service plan updates; (6) paying and redeeming Remainder Area Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Bond Indenture, the Service and Assessment Plan and the Act with respect to the Remainder Area Bonds, including the City’s continuing disclosure and arbitrage rebate requirements; and (9) the paying agent/registrar and Trustee in connection with Remainder Area Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment, as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; and (3) Annual Collection Costs.

“Assessed Parcel(s)” means any parcel within the Remainder Area against which an Assessment is levied.

“Assessment(s)” means an assessment levied against Assessed Parcels pursuant to the provisions of the Act for payment of Remainder Area Project Costs, including the payment of

Remainder Area Bonds and obligations under this Agreement, and Annual Collection Costs.

“Assessment Ordinance” means the ordinance(s) adopted by the City Council levying Assessments on an Assessed Parcel within the Remainder Area of the PID.

“Assessment Revenue” means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments, and Foreclosure Proceeds.

“Assessment Roll” means any assessment roll for the Assessed Parcels within the Remainder Area of the PID, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the Act, including updates prepared in connection with the issuance of Remainder Area Bonds or any annual service plan update.

“Authorized Improvements” means (1) improvements authorized by Section 372.003 of the Act, (2) the costs of issuance of the Remainder Area Bonds, and (3) the costs of the formation of the PID.

“Bond Indenture” means the indenture of trust pursuant to which the Remainder Area Bonds are issued.

“Bond Proceeds” mean the proceeds derived from the issuance and sale of Remainder Area Bonds that are deposited into the Remainder Area Project Fund and made available to pay Remainder Area Project Costs including design, engineering, construction and inspection costs in accordance with this Agreement and the Bond Indenture or SAP.

“Budgeted Cost” means the estimated cost for a Remainder Area Project as provided for in the Service and Assessment Plan.

“Certificate for Reimbursement” means a certificate (substantially in the form of Exhibit A or as otherwise approved by Developer and the City Representative) executed by a representative of Developer and approved by the City Representative, delivered to the City Representative, specifying the work performed and the amount charged (including materials and labor costs) for Remainder Area Project Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that the Remainder Area Projects (or their completed segment(s)) covered by the certificate have been inspected by the City.

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

“City Representative” means the Mayor or City Manager of the City, who are hereby authorized by the City Council to undertake the actions referenced herein.

“Cost Overrun” means, with respect to each Remainder Area Project, the amount of the Actual Cost paid for the Remainder Area Project in excess of the Budgeted Cost for such Remainder Area Project as provided for in the Service and Assessment Plan.

“Default” is defined in Section 4.6.1.

“Delinquent Collection Costs” mean costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Development Agreement” means that certain Development Agreement, effective as of October 19, 2021, by and between the Developer and the City.

“Developer Advances” mean monetary advances made by Developer to pay Remainder Area Project Costs.

“Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of Remainder Area Bonds.

“Failure” is defined in Section 4.6.1.

“Final Completion” means completion of a Remainder Area Project in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

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

“Home Buyer Disclosure Program” means the disclosure program, administered by the Developer in accordance with Section 7.6 of the Development Agreement and applicable law.

“Maturity Date” is the date one year after the final scheduled and non-delinquent Annual Installment is collected.

“PID” means the Trails of Lavon Public Improvement District created by the PID Creation Resolution.

“PID Creation Resolution” means the resolution passed and approved by the City Council on October 19, 2021 authorizing the creation of the PID.

“Reimbursement Commencement Date” is defined in Section 3.3.1.

“Reimbursement Amount” is defined in Section 3.3.1.

“Remainder Area Administrative Fund” means the Administrative Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Assessment Revenue collected for the payment of Annual Collection Costs and Delinquent Collection Costs.

“Remainder Area Assessment Fund” means the fund established by the City under this Agreement (and segregated from all other funds of the City) into which the City deposits Assessment Revenue until they are required to be deposited into the Remainder Area Pledged Revenue Fund.

“Remainder Area Bonds” means the series of bonds issued in a principal amount not to exceed \$3,466,650 pursuant to the provisions of the Act and the Development Agreement to reimburse Developer for Remainder Area Project Costs.

“Remainder Area Pledged Revenue Fund” means the Pledged Revenue Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing Remainder Area Bonds issued and still outstanding, as described in the Bond Indenture.

“Remainder Area Project Fund” means the Project Fund, as defined in the Bond Indenture, including all accounts created within such fund, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the Bond Indenture.

“Remainder Area Project Costs” mean the Actual Costs of the Remainder Area Projects.

“Remainder Area Projects” means the Major Improvements constituting Authorized Improvements to be constructed or acquired by or on behalf of the Developer within or benefiting the Remainder Area of the PID and described in the SAP, whether the SAP defines such Authorized Improvements as Remainder Area Projects or utilizes another term.

“Trustee” is defined herein.

SECTION 3. FUNDING PROJECT COSTS

3.1 Fund Deposits.

3.1.1 The City hereby covenants to create on its books and records, concurrently with the execution of this Agreement, a separate fund to be designated the “Remainder Area Assessment Fund.” Unless and until Remainder Area Bonds are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue into the Remainder Area Assessment Fund. After the issuance and delivery of Remainder Area Bonds for the Remainder Area Projects, the City shall bill, collect, and immediately deposit, or cause to be billed, collected, and immediately deposited, all Assessment Revenue in the manner set forth in the Bond Indenture. The City shall also deposit Bond Proceeds in the manner set forth in the Bond Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as the City ad valorem taxes are billed and collected. Funds in the Remainder Area Project Fund shall only be used in accordance with the Bond Indenture. Funds in the Remainder Area Assessment Fund (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the SAP) shall only be used to pay all or any portion of the Reimbursement Amount (including accrued interest thereon) in accordance with this

Agreement.

3.1.2 The City hereby confirms, covenants, and agrees that for so long as amounts are due to Developer under this Agreement, that the City will do the following in the manner and to the maximum extent permitted by applicable law, subject to any conflicting provisions in the Bond Indenture: take and pursue all reasonable actions necessary to (a) cause the Assessments to be levied and collected in an aggregate amount not to exceed the Reimbursement Amount; (b) cause the liens related to the Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Assessments, including Annual Installments; and (c) cause no reduction, abatement or exemption of the Assessments. Notwithstanding the foregoing, the City shall not be required under any circumstances to (a) establish per annum interest rates on Assessments higher than the per annum interest rate under this Agreement on the unpaid principal balance of the Reimbursement Amount, or (b) purchase or make payment for the purchase of the delinquent Assessments or the corresponding Assessed Parcel. The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Annual Collection Costs in connection with its covenants and agreements under this Section or otherwise other than funds for such purpose on deposit in the Remainder Area Assessment Fund. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenue and, as a result, is unable to make transfers from the Remainder Area Assessment Fund for payments to the Developer as required under this Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Agreement. The Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Remainder Area Project Costs.

3.2.1 The Developer is obligated to make Developer Advances to pay all Remainder Area Project Costs prior to the issuance of the Remainder Area Bonds. The Remainder Area Bonds will only be issued by the City as Reimbursement Bonds (as defined in the Development Agreement) for reimbursement to the Developer of Remainder Area Project Costs on or after the Reimbursement Commencement Date.

3.2.2 Bond Proceeds (i) may be used to pay all or a portion of the Reimbursement Amount to the Developer and (ii) shall be used in the manner provided in the Bond Indenture. Developer acknowledges and agrees that it has the obligation to pay all Remainder Area Project Costs regardless of whether the Bond Proceeds are or will be sufficient to pay the full amount of the Reimbursement Amount.

3.2.3 The Developer shall make Developer Advances to pay for cost overruns (after applying cost savings or reallocation of budget line items to reflect actual costs). An individual line item exceeding its estimated cost shall not be construed as a cost overrun; rather, the cost for each phase within the PID shall be viewed in its entirety. Upon the Final Completion of a Remainder Area Project and payment of all outstanding invoices for such Remainder Area Project, if the Actual Costs of such Remainder Area Project is less than the Budgeted Cost (a "Cost Underrun"), any remaining budgeted cost, as shown in the Service and Assessment Plan, will be available to pay Cost Overruns on any other Remainder Area Project. The City Representative shall promptly confirm that such remaining amounts are available to pay such Cost Overruns, and

the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Remainder Area Projects. Any Cost Underrun for any Remainder Area Project is available to pay Cost Overruns on any other Remainder Area Project. The lack of Bond Proceeds or other funds in the Remainder Area Project Fund shall not diminish the obligation of Developer to pay Remainder Area Project Costs.

3.3 Payment of Reimbursement Amount.

3.3.1 Strictly subject to the terms, conditions, and requirements and solely from the Assessment Revenue or Bond Proceeds as herein provided and in accordance with the Development Agreement, the City agrees to pay the Developer and its assigns, and the Developer and its assigns shall be entitled to receive from the City, the amount equal to the Actual Costs of the Remainder Area Projects paid by the Developer for the Remainder Area Project Costs that were within the Budgeted Cost, or authorized Cost Overruns in accordance with the SAP, that were paid by the Developer as evidenced by one or more Certificates for Reimbursement approved by the City (such amount, the "Reimbursement Amount" which amount shall not in any event exceed \$3,466,650), plus interest on the unpaid balance in accordance with the terms of this Agreement, and which Reimbursement Amount shall be reimbursed to the Developer and its assigns, plus interest accrued, as hereinafter provided. The amount of each Certificate for Reimbursement approved by the City shall be added to the principal amount of the Reimbursement Amount, not to exceed the maximum Reimbursement Amount set forth above. The obligation of the City to pay the Developer the Reimbursement Amount pursuant to the terms of this Agreement shall not commence, and interest shall not begin to accrue on the unpaid principal balance of the Reimbursement Amount, until the date (the "Reimbursement Commencement Date") that both of the following have occurred: (i) all Remainder Area Projects (including all Major Improvements) have reached Final Completion and have been dedicated to the City, and (ii) the Developer has submitted, and the City has approved, Certificates for Reimbursement covering all Remainder Area Project Costs for all Remainder Area Projects. The City's acceptance of Remainder Area Projects and approval of Developer's Certificates for Reimbursement shall be in accordance with City ordinances, regulations, and procedures, the Development Agreement and Sections 3.5.2 and 3.10 hereof, and if in accordance with such, shall not otherwise be unreasonably withheld, conditioned, delayed, or denied. Unless or until Remainder Area Bonds are issued, on and after the Reimbursement Commencement Date, the City agrees to pay Developer solely from funds, if and when available, on deposit in the Remainder Area Assessment Fund for such purpose, and Developer shall be entitled to receive payments from such source the Reimbursement Amount plus simple interest on the unpaid principal balance of the Reimbursement Amount at a rate of 5.92% per annum, which rate does not exceed the interest rate permitted under subsections (e)(1) and (e)(2) of Section 372.023 of the Act. Upon the issuance of the Remainder Area Bonds, the City agrees to pay Developer the then unpaid principal balance of the Reimbursement Amount from Bond Proceeds on deposit in the Remainder Area Project Fund, plus any accrued and unpaid interest on the Reimbursement Amount from funds on deposit in the Remainder Area Assessment Fund at the time of issuance of the Remainder Area Bonds to the extent funds are available in the Remainder Area Assessment Fund for such purpose; and, notwithstanding anything in this Agreement to the contrary, the maximum amount that Developer may be reimbursed or paid under this Agreement shall be equal to the amount of Bond Proceeds on deposit in the Remainder Area Project Fund and available funds on deposit in the Remainder Area Assessment Fund.

3.3.2 The obligation of the City to pay the Reimbursement Amount and accrued interest thereon is payable solely from the Remainder Area Assessment Fund or from Bond Proceeds on deposit in the Remainder Area Project Fund as described in this Agreement. No other City funds, revenue, taxes, income, or property shall be used. Payments from the Remainder Area Assessment Fund shall be applied in accordance with this Agreement. Each payment from the Remainder Area Assessment Fund shall be accompanied by an accounting that certifies the Reimbursement Amount as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made.

3.4 Remainder Area Bonds. Following a request by the Developer for the issuance of the Remainder Area Bonds in accordance with the Development Agreement, and on or after the Reimbursement Commencement Date, the City, in its sole, legislative discretion, may issue a single series of Remainder Area Bonds, when and if the City Council determines it is financially feasible for the purposes of paying all or a portion of the Reimbursement Amount. Remainder Area Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of the Remainder Area Bonds for such purpose, this Agreement shall terminate in accordance with Section 4.1 hereof. The failure of the City to issue Remainder Area Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. In the event the Developer requests the issuance of a series of Remainder Area Bonds to reimburse the Developer for Remainder Area Project Costs allocable only to a particular phase of development in the Remainder Area, the City and the Developer agree to amend this Agreement as necessary to allocate the then unpaid principal balance of the Reimbursement Amount and accrued and unpaid interest thereon to each development phase in the Remainder Area.

3.4.1 The Developer acknowledges that the Major Improvements confer a special benefit on the Remainder Area and consents to the apportionment of the Remainder Area portion of costs of the Major Improvements in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the Remainder Area Project Costs. The Developer ratifies, confirms, accepts, agrees to, and approves: (1) the determinations and findings by the City Council as to the special benefits described in the Service and Assessment Plan; (2) the Service and Assessment Plan; and (3) the Apportionment of Costs on the Remainder Area Apportioned Property as described in the Service and Assessment Plan. Concurrently with the levy of the Assessments by the City, the Developer and each owner of property in Remainder Area of the PID shall execute an agreement with the City (a "Landowner Agreement") approving and accepting the creation of the PID, the levy of the Assessments on all land owned by such owner benefitted by the Remainder Area Projects and the associated Home Buyer Disclosure Program, and shall cause to be recorded against the applicable portion of the Remainder Area Parcels covenants running with the land that will bind any and all current and successor owners of the portion of the such Remainder Area Parcels to: (i) pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and that the purchasers of such land take their title subject to and expressly assume the terms and provisions of such Assessments and the liens created thereby; and (ii) comply with the Home Buyer Disclosure Program.

3.4.2 When selling any of the property in Remainder Area of the PID, the owner thereof (including homebuilder entities) shall provide notices in a form required by Section 5.014

of the Texas Property Code, as amended, to anyone who purchases property within Remainder Area of the PID notifying the purchaser: (a) that the portion of Remainder Area of the PID being sold is located in Remainder Area of the PID; (b) that the City has issued or may issue Remainder Area Bonds; (c) that the City has levied or may levy Assessments; (d) of the unpaid reimbursement amount of the Assessment against such property within Remainder Area of the PID; (e) of the estimated annual installments if Assessments are not paid in full; and (f) of the estimated duration of the Assessment and annual installments. Further, Developer shall, and, in the event Developer sells lots to homebuilders, the Developer shall include a requirement in Developer's lot sale contracts with homebuilders requiring the homebuilders to, continuously post a notice of the Assessments in a conspicuous location in each model home and provide an explanation of the Assessments in written brochures and promotional materials given to each prospective purchaser. Notwithstanding any other provision in this Agreement, this Section 3.4.2 applies to all owners and developers, including the Developer, of all or any portion of the Property.

3.5 Disbursements and Transfers at and after Bond Closing: Approval of Certificates for Reimbursement.

3.5.1 If Remainder Area Bonds are issued, the City will cause the Trustee under the Bond Indenture to pay from the proceeds of the bonds at closing of the Remainder Area Bonds approved amounts from the appropriate account to the City or its designees, which costs may include payment for costs of issuance and payment of City costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by Developer on behalf of the City or the City as of the time of the delivery of the Remainder Area Bonds.

3.5.2 Upon receipt of a Certificate for Reimbursement (along with all accompanying documentation required by the City) from the Developer, the City engineer or other individual employed by the City to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected (the "City Inspector") shall have the option to conduct a review in order to confirm that such request is complete, to confirm that the work with respect to such Remainder Area Project identified therein for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefor and with the terms of this Agreement and the Development Agreement, and to verify and approve the actual cost of such work specified in such Certificate for Reimbursement (collectively, the "Developer Compliance Requirements"), and shall, upon the conclusion of the review, forward the request to Administrator and/or City Representative. The Administrator and/or City Representative shall also conduct such review as is required in their discretion to confirm the matters certified in the Certificate for Reimbursement. The Developer agrees to cooperate with the Administrator and/or City Representative in conducting each such review and to provide the Administrator and/or City Representative with such additional information and documentation as is reasonably necessary for the Administrator and/or City Representative to conclude each such review. Within fifteen (15) business days of receipt of any Certificate for Reimbursement, the Administrator shall either (i) approve and execute the Certificate for Reimbursement and forward the same to City Representative for approval as an additional principal amount of the Reimbursement Amount, or (ii) in the event the Administrator disapproves the Certificate for Reimbursement, give written notification to the Developer of the Administrator's disapproval, in whole or in part, of such Certificate for

Reimbursement, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certificate for Reimbursement. If a Certificate for Reimbursement seeking reimbursement is approved only in part, the Administrator shall specify the extent to which the Certificate for Reimbursement is approved and shall deliver such partially approved Certificate for Reimbursement to the City Representative for approval in accordance with this Section, and any such partial work shall be processed for payment under this Section, notwithstanding such partial denial. Within fifteen (15) business days of receipt of any Certificate for Reimbursement, the City Representative shall approve or deny the Certificate for Reimbursement, and provide notice to the Administrator and Developer. The approval of the Certificate for Reimbursement by the City Representative shall constitute a representation by the City Representative of the Developer's compliance therein. If the City Representative denies the Certificate for Reimbursement, the denial must be in writing, stating the reason(s) for denial, which may not be arbitrary or capricious and which may be based only on compliance with City code, applicable law, or the Development Agreement. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certificate for Reimbursement by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certificate for Reimbursement shall not be forwarded to the City Representative for payment until the dispute is resolved by the City and the Developer. The Developer shall deliver the approved or partially approved Certificate for Reimbursement by the City Representative as provided herein, or approved by the City Council, to the City Representative for payment from the Remainder Area Assessment Fund or Bond Proceeds in accordance with this Agreement.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than the Remainder Area Assessment Fund or the Bond Proceeds in the Remainder Area Project Fund. No other City funds, revenues, taxes, or income of any kind other than the funds on deposit in the Remainder Area Assessment Fund or the Remainder Area Project Fund shall be used to pay: (a) the Remainder Area Project Costs; (b) the Reimbursement Amount, or accrued and unpaid interest thereon, even if the Reimbursement Amount and accrued interest are not paid in-full on or before the Maturity Date or termination of this Agreement in accordance with Section 4.1 hereof; or (c) debt service on any Remainder Area Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants, or representatives shall incur any liability hereunder to Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. If Developer is then in current compliance with its obligations under the Development Agreement, the Developer Continuing Disclosure Agreement if applicable, and this Agreement, and is not delinquent in payment of the Assessments and paying property taxes or any other amounts payable to the City, then following the Reimbursement Commencement Date, the obligations of the City under this Agreement to pay the Reimbursement Amount (whether to Developer or to any person designated by Developer) in accordance with this Agreement are unconditional and not subject to any defenses or rights of offset except as may be provided in any Bond Indenture.

3.8 City Delegation of Authority. All Remainder Area Projects shall be constructed by or at the direction of Developer in accordance with the Development Agreement and this Agreement and any other applicable agreement between the Parties related to property in Remainder Area of the PID. Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Remainder Area Projects in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer has sole responsibility of ensuring that all Remainder Area Projects are constructed in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer shall, at all time, employ adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction, and installation of all Remainder Area Projects to be acquired and accepted by the City from Developer. If any Remainder Area Projects are or will be on land owned by the City, the City hereby grants to Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) thereof. Inspection and acceptance of Remainder Area Projects will be in accordance with applicable City ordinances and regulations.

3.9 Security for Remainder Area Projects. The Developer shall provide or cause to be provided a two (2) year maintenance bond relating to the Remainder Area Projects in accordance with the Development Agreement. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas. Nothing in this Agreement shall be deemed to prohibit Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to Developer or the City with respect thereto so long as such delay in performance shall not subject the Remainder Area Projects to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Remainder Area Projects is contested, Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed one hundred percent (100%) of the disputed amount.

3.10 Ownership and Transfer of Remainder Area Projects. The Developer shall furnish to the City a preliminary title report for land related to the Remainder Area Projects to be acquired and accepted by the City from Developer and not previously dedicated or otherwise conveyed to the City. The report shall be made available for City review and approval at least fifteen (15) business days prior to the scheduled transfer of title. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the common use and enjoyment subscribed to such Remainder Area Projects. If the City objects to any preliminary title report, the City shall not be obligated to accept title to the applicable Remainder Area Projects until Developer has cured the objections to the reasonable satisfaction of the City. Conveyance of the Remainder Area Projects shall be by final plat, or other instrument of conveyance to be filed in the land records that may be approved by the City, in its sole discretion.

SECTION 4.
ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earliest to occur of: (i) the Maturity Date, (ii) the date on which the Reimbursement Amount plus accrued interest is paid in full, or (iii) the date on which the Remainder Area Bonds are issued. Upon termination of this Agreement, the amount of the Reimbursement Amount that has not been paid, plus the accrued and unpaid interest thereon (collectively, the "Unpaid Balance") shall be canceled and for all purposes of this Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL, and such Unpaid Balance shall no longer be deemed to be payable.

4.2 No Competitive Bidding. Construction of the Remainder Area Projects shall not require competitive bidding pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor.

4.3 Independent Contractor. In performing this Agreement, Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon three (3) business days' prior written notice to Developer, to review all books and records of Developer pertaining to costs and expenses incurred by Developer with respect to any of the Remainder Area Projects. For a period of two (2) years after completion of the Remainder Area Projects, books shall be maintained in accordance with customary real estate accounting principles.

4.5 Representations and Warranties.

4.5.1 The Developer represents and warrants to the City that: (a) Developer has the authority to enter into and perform its obligations under this Agreement; (b) Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (c) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (d) this Agreement is binding upon Developer in accordance with its terms; (e) the Developer is current on all taxes, assessments, fees and obligations to the City; (f) the Developer is not in default under the Development Agreement or any other agreement with the City related to the PID; and (g) the execution of this Agreement and the performance by Developer of its obligations under this Agreement do not constitute a breach or event of default by Developer under any other agreement, instrument, or order to which Developer is a party or by which Developer is bound.

4.5.2 The City represents and warrants to Developer that: (a) the City has the authority to enter into and perform its obligations under this Agreement; (b) the person executing this Agreement on behalf of the City has been duly authorized to do so; (c) this Agreement is binding upon the City in accordance with its terms; and (d) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

4.6 Default/Remedies.

4.6.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." If a Failure is monetary, the non-performing Party shall have ten (10) business days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure. However, if the non-monetary Failure is of such a nature that it cannot reasonably be expected to be cured within thirty (30) days, then the Party who failed to perform shall have such time as is necessary to cure the default, so long as the failing Party commences the cure within thirty (30) days and diligently pursues such cure to completion.

4.6.2 If Developer is in Default, the City shall have available all remedies at law or in equity; provided, however, no default by Developer shall entitle the City to terminate this Agreement, cease collection of the Assessments and deposit of the Assessment Revenues, or to withhold properly due payments to Developer from the Remainder Area Assessment Fund or the Remainder Area Project Fund in accordance with this Agreement and the Bond Indenture or on deposit in the Remainder Area Assessment Fund.

4.6.3 Subject to Section 3.7, if the City is in Default, Developer shall have available all remedies at law or in equity; provided, however, that no Default by the City shall entitle Developer to terminate this Agreement and that any financial obligation of the City will only be payable from Assessments Revenues collected for the payment of Annual Collection Costs and Delinquent Collection Costs. Any amounts or remedies due pursuant to this Agreement are not subject to acceleration.

4.7 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against Developer or any other person or entity involved in the design, construction, or installation of the Remainder Area Projects. The obligations of Developer hereunder shall be those of a Party hereto and not as an owner of property in Remainder Area of the PID. Nothing herein shall be construed as affecting the City's or Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in Remainder Area of the PID.

4.8 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Collin County, Texas.

4.9 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (a) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (b) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City: Attn: Kim Dobbs, City Manager
City of Lavon, Texas
P.O. Box 340
120 School Road
Lavon, TX 75166

With a copy to: Attn: Julie Fort
Messer, Fort, & McDonald, PLLC
6371 Preston Road, Suite 200
Frisco, Texas 75034

To Developer: Attn: David Aughinbaugh
Meritage Homes of Texas, LLC
8840 Cypress Waters Blvd, Suite 100
Dallas, Texas 75019

With a copy to: Winstead PC
Attn: Ross Martin
2728 N. Harwood St., Suite 500
Dallas, Texas 75201

Attn: Ryan Hamilton
Meritage Homes Corporation
8800 E. Raintree Drive, Suite 300
Scottsdale, Arizona 85260

Any Party may change its address by delivering notice of the change in accordance with this section.

4.10 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.11 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.12 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.13 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City and Developer, any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City and Developer.

4.14 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.15 Employment of Undocumented Workers. During the term of this Agreement, Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay the amount of any reimbursement payment or other funds received by Developer from City from the date of this Agreement to the date of such violation within 120 days after the date Developer is notified by City of such violation, plus interest at the rate of 4% compounded annually from the date of violation until paid. Developer is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts.

4.16 Transfers. Prior to the Reimbursement Commencement Date, the Developer may not, without the prior written consent of the City, convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, any right, title, or interest under this Agreement. On or after the Reimbursement Commencement Date, the Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with prior written notice to) the City, the Developer's right, title, or interest under this Agreement including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). The rights of the Developer to assignment are conditioned upon the Transferee agreeing, in writing, to assume the rights, title or interest being assigned and to be bound by the terms and conditions of this Agreement to the extent they apply to the rights, title or interest being assigned. An assignment by the Developer pursuant to this Section shall be effective upon delivery to the City of a copy of the fully executed assignment, which shall include the information required by Section 4.9 hereof and unambiguous provisions regarding any apportionment between the Developer and the Transferee of the right to receive payment of the Unpaid Balance or any other payment. The City may rely on any notice of a Transfer or executed assignment received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice, and the Developer's sole remedy shall be to seek the funds directly from the third party. If the City determines in its sole discretion that the executed assignment received from the Developer does not unambiguously provide for the apportionment between the Developer and the Transferee of the right to receive payments of the Unpaid Balance or any other amount, the City will make such payments solely to that Developer until such time as the executed assignment is amended to unambiguously provide for such apportionment and the Transferee or other third party's sole remedy shall be to seek the funds directly from the Developer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The City shall not be required to make payments pursuant to this Agreement to more than two parties. Any assignment by a Transferee of its rights, title or interest under this Agreement shall be subject to the requirements of the Developer under this Section.

4.17 Boycott Israel. Developer verifies that the Developer (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer) does not

Boycott Israel and agrees that during the term of this Agreement (Contract as applicable) will not Boycott Israel as that term is defined in Texas Government Code Section 808.001, as amended.

4.18 Verification Pursuant to Chapters 2252 and 2270 of the Texas Government Code. As of the Effective Date, the Developer represents that, to the extent this Agreement constitutes a “governmental contract” within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Developer is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 (as enacted by Acts 2017, 85th Leg., ch. 96, Senate Bill 253) or 2252.153 of the Texas Government Code.

4.19. Verifications Pursuant to Chapter 2274, Texas Government Code. (a) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Developer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

(b) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the Developer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions, ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity

or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association, (b) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

4.20 Form 1295. The Developer represents that it has complied with Texas Government Code, Section 2252.908 and in connection therewith, the Developer has completed a Texas Ethics Commission Form 1295 Certificate generated by the Texas Ethics Commission's electronic filing system in accordance with the rules promulgated by the Texas Ethics Commission. The Developer further agrees to print the completed certificate and execute the completed certificate in such form as is required by Texas Government Code, Section 2252.908 and the rules of the Texas Ethics Commission and provide to the City at the time of delivery of an executed counterpart of this Agreement, a duly executed completed Form 1295 Certificate. The Parties agree that, except for the information identifying the City and the contract identification number, the City is not responsible for the information contained in the Form 1295 completed by the Developer. The information contained in the Form 1295 completed by the Developer has been provided solely by the Developer and the City has not verified such information.

[Execution pages follow.]

CITY:

CITY OF LAVON, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Attest:

By: _____

City Secretary

DEVELOPER:

Meritage Homes of Texas LLC
an Arizona limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A

FORM OF CERTIFICATE FOR REIMBURSEMENT

The undersigned is an agent for Meritage Homes of Texas, LLC ("Developer"), and requests payment from the City of Lavon, Texas (the "City") out of the [*Remainder Area Project Fund (as defined in the Bond Indenture) / Remainder Area Assessment Fund*] in the amount of \$_____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Remainder Area Projects providing a special benefit to property within the Remainder Area of the Trails of Lavon Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Remainder Area Reimbursement Agreement, Trails of Lavon Public Improvement District, effective _____ (the "Reimbursement Agreement"). In connection with the above referenced payment, Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Certificate for Reimbursement Form on behalf of Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Remainder Area Projects has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed below is a true and accurate representation of the Remainder Area Project Costs associated with the creation, acquisition, or construction of said Remainder Area Projects and such costs: (a) are in compliance with the Reimbursement Agreement; and (b) are consistent with the Service and Assessment Plan.
4. Developer is in compliance with the terms and provisions of the Development Agreement, Developer Continuing Disclosure Agreement, Reimbursement Agreement and the Service and Assessment Plan.
5. Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity Developer controls owes, located in the Trails of Lavon Public Improvement District and has no outstanding delinquencies for such assessments.
6. [All conditions set forth in the Bond Indenture for the payment hereby requested have been satisfied.]
7. The work with respect to the Remainder Area Projects referenced below (or its completed segment, section, or portion thereof) has been completed, and the City has inspected such Remainder Area Projects.
8. Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for

Remainder Area Project Costs identified may be paid until the work with respect to such Remainder Area Project Costs (or segment) has been completed and the City has accepted such Remainder Area Project Costs (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Remainder Area Projects Costs (or segment).

Payment requested is as follows:

- a. X amount to Developer.
- b. Payment / Wire Instructions

Attached hereto are invoices, cancelled checks, receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payment. Also attached hereto are **"bills paid" affidavits and supporting documentation** in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the Remainder Area Projects (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

[remainder of page left blank intentionally]

DEVELOPER:

Meritage Homes of Texas LLC
an Arizona limited liability company

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certificate for Reimbursement, acknowledges the Certificate for Reimbursement, acknowledges that the Remainder Area Projects (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Reimbursement to be in order. After reviewing the Certificate for Reimbursement, the City approves the Certificate for Reimbursement [and directs _____, as Trustee for the PID Remainder Area Bonds, to make such payments from the PID Remainder Area Project Fund to Developer].

CITY OF LAVON, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D

Agreement with Bear Creek Special Utility District

AGREEMENT

THIS AGREEMENT is entered into as of _____, 2023 (this "*Agreement*"), by and between the City of Lavon, Texas (the "*City*"), and the Bear Creek Special Utility District (the "*District*").

RECITALS

WHEREAS, the City has previously created the "Trails of Lavon Public Improvement District" (the "*PID*") pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, the boundaries of which are described by metes and bounds on the attached **Exhibit A**; and

WHEREAS, the City anticipates issuing bonds (the "*Bonds*"), the interest on which will be excludable from the gross income of the owners thereof for federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986 (the "*Code*"), to finance certain public improvements within the PID; and

WHEREAS, a portion of the proceeds from the sale of the Bonds will be used to finance water facilities to serve properties in the PID that are within the District's water service area (the "*Water Facilities*");

WHEREAS, the City may also reimburse the Developer for costs of Water Facilities pursuant to one or more reimbursement agreements that may be executed from time to time by the City and the Developer (each, a "*Reimbursement Agreement*");

WHEREAS, the developer of the property in the PID (the "*Developer*") anticipates that it will dedicate and convey the Water Facilities to the District upon their completion; and

NOW, THEREFORE, it is mutually agreed as follows:

Section 1. Dedication of Water Facilities. Pursuant to a separate agreement between the Developer and the District, the Developer has agreed, or will agree, to dedicate the Water Facilities to the District following proper completion of construction and testing of the Water Facilities by the Developer and inspection, approval and acceptance thereof by the District.

Section 2. Certificates of Convenience and Necessity. The parties hereto understand that the PID is located within the District's water service area where the District owns and operates a retail public water system under a certificate of convenience and necessity (the "*District CCN*") to serve the property in the PID.

Section 3. Service from the Water Facilities. After proper completion and dedication of the Water Facilities to the District, the District will provide continuous and adequate water services to the property in the PID located in the District CCN. As long as there are Bonds outstanding that were issued by the City to finance any portion of the Water Facilities or a Reimbursement Agreement is in place for the reimbursement of costs of any portion of the Water Facilities, the District agrees (i) to use the Water Facilities to serve customers located within the PID that are in the District CCN, and (ii) to not dispose of the Water Facilities to a non-governmental entity without the prior written consent of the City.

Section 4. Covenants Regarding Tax Exemption of Interest on the Bonds. The parties hereto understand that the interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge that federal income tax laws impose

certain restrictions on the use and investment of proceeds of tax-exempt bonds, including the Bonds, and on the use of property financed therewith and the output produced therefrom, including the Water Facilities. Accordingly, the parties agree and covenant to take such action to assure, and refrain from such action which could adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption. The parties further agree to modify any agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on an opinion of nationally recognized bond counsel.

Section 5. Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6. Severability. In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7. Benefits of Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties. Nothing herein, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original. The City and the District agree that electronic signatures to this Agreement may be regarded as original signatures.

Section 9. Term. This Agreement shall remain in effect while any tax-exempt bonds that were used to finance or refinance the Water Facilities remain outstanding.

Section 10. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of this page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BEAR CREEK SPECIAL UTILITY DISTRICT

By: Robert Hayes
Vice - President, Board of Directors

CITY OF LAVON, TEXAS

By: _____
Mayor, City of Lavon

Exhibit A

METES AND BOUNDS DESCRIPTION OF THE PID

Exhibit A

METES AND BOUNDS DESCRIPTION OF THE PID

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas and being all of a called 30.000 acre tract of land described as Parcel No. 1 – Tract 5 – Monkey Run West and portion of a called 112.5 acre tract of land described as Parcel No. 1 – Tract 6 – Monkey Run East in a Partition Deed to O'Reda Boyd McCartney, as recorded in Volume 816, Page 651 of the Deed Records of Collin County, Texas, and also being the remainder of a called 90 acre tract of land described as Tract 1 (Lavon Place) in a Special Warranty Deed to Roy Brian Webb and Andrea Kay Campbell, as recorded in Volume 4761, Page 200 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northwest corner of said Tract 6, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of a called 75.249 acre tract of land described in a deed to Starlight Homes of Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said Tract 6 and the southerly line of said 75.249 acre tract, a distance of 313.41 feet to a 1/2 inch iron rod found for the northerly northeast corner of said Tract 6, same being on northerly line of said 90 acre tract;

THENCE North 76°51'00" East, along the northerly line of said 90 acre tract and the southerly line of said 75.249 acre tract, a distance of 1088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE North 76°50'07" East, continuing along the northerly line of said 90 acre tract and along the southerly line of said 92.267 acre tract, a distance of 1358.12 feet to a 1/2 inch iron rod found for the northeast corner of said 90 acre tract, common to an ell corner of said 92.267 acre tract;

THENCE South 2°49'59" East, along the easterly line of said 90 acre tract and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for an exterior corner

of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas, same being on the westerly right-of-way line of County Road No. 483, a variable width right-of-way, no record found;

THENCE South 0°33'28" West, continuing along the easterly line of said 90 acre tract, along the westerly line of said 57.075 acre tract and the westerly right-of-way line of said County Road No. 483, a distance of 1473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 90 acre tract, common to the northerly southwest corner of said 57.075 acre tract, being on the northerly line of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE North 89°18'33" West, departing the westerly right-of-way line of said County Road No. 483, along the southerly line of said 90 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2327.88 feet to a 1/2 inch iron rod found for the northwest corner of said Meadow Creek Estates, common to the southerly northeast corner of aforesaid 112.5 acre tract;

THENCE South 1°01'04" West, departing the southerly line of said 90 acres, along the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, a distance of 2529.75 feet to a point for corner on the southerly line of a 170 foot wide Texas Municipal Power Agency Electric Easement, as recorded in Volume 1365, Page 407 of the Deed Records of Collin County, Texas;

THENCE North 70°13'50" West, departing the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, and crossing said Tract 6 and along the southerly line of said easement, a distance of 1492.31 feet to a point for corner on the westerly line of said Tract 6, the easterly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP, as recorded in Instrument No. 20210115000095820 of the Official Public Records of Collin County, Texas, and in the approximate centerline of aforesaid County Road No. 484;

THENCE North 1°04'28" East, departing the southerly line of said easement, along the westerly line of said Tract 6, the easterly line of said 35.191 acre tract, and said County Road No. 484, a distance of 556.09 feet to a mag nail set for the northeast corner of said Tract 1, common to the southeast corner of aforesaid Tract 5;

THENCE North 88°54'08" West, departing the approximate centerline of said County Road No. 483 and the westerly line of said Tract 6, along the southerly line of said Tract 5 and the northerly line of said Tract 1, a distance of 1175.53 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southwest corner of said Tract 5;

THENCE North 1°44'46" East, departing the northerly line of said Tract 1, along the westerly line of said Tract 5, passing at a distance of 0.68 feet the southeast corner of a called 3.68 acre tract of land described as Tract I in a deed to Johnny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas, and continuing along the same course and along the easterly line of said Tract I, passing at a distance of 1040.21 feet a 5/8 inch iron rod found for witness, and continuing along the same course, for a total distance of

1070.21 feet to a mag nail set for the northwest corner of said Tract 5, common to the northeast corner of said Tract I, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South $89^{\circ}00'14''$ East, along the northerly line of said Tract 5 and the centerline of said County Road No. 485, a distance of 1170.83 feet to a mag nail set for the northeast corner of said Tract 5, being on the westerly line of said Tract 6 and in the centerline of said County Road No. 484;

THENCE North $1^{\circ}29'36''$ East, along the westerly line of said Tract 6 and the centerline of said County Road No. 484, a distance of 1026.04 feet to the **POINT OF BEGINNING** and containing 190.774 acres (8,310,121 square feet) of land, more or less.